POVERTY IN THE SOUTH AND SOUTHERN STATES' PROGRAMS DESIGNED TO BREAK THE CYCLE OF POVERTY

HEARING

BEFORE THE

SUBCOMMITTEE ON PUBLIC ASSISTANCE AND
UNEMPLOYMENT COMPENSATION

OF THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

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POVERTY IN THE SOUTH AND SOUTHERN STATES' PROGRAMS DESIGNED TO BREAK THE CYCLE OF POVERTY

MONDAY, JUNE 9, 1986

House of Representatives,
Committee on Ways and Means,
Subcommittee on Public Assistance
and Unemployment Compensation,
Memphis, TN.

The subcommittee met, pursuant to notice, at 9 a.m., in the city council chambers, Mid-America Mall, Memphis, TN, Hon. Harold Ford (chairman of the subcommittee) presiding.

[The press release announcing the hearing follows:]

FOR IMMEDIATE RELEASE
WEDNESDAY, MAY 28, 1986

PR #17
SUBCOMMITTEE ON PUBLIC ASSISTANCE
AND UNEMPLOYMENT COMPENSATION
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THE HONORABLE HAROLD FORD (D., TENN.), CHAIRMAN,
SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION,
COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES,
ANNOUNCES A FIELD HEARING TO EXAMINE POVERTY IN THE SOUTH
AND SOUTHERN STATES' PROGRAMS DESIGNED TO BREAK
THE CYCLE OF POVERTY, TO BE HELD ON
MONDAY, JUNE 9, 1986, IN MEMPHIS, TENNESSEE

The Honorable Harold Ford (D., Tenn.), Chairman, Subcommittee on Public Assistance and Unemployment Compensation of the Committee on Ways and Means, U.S. House of Representatives, today announced a hearing on poverty in the South and Southern States' programs designed to break the cycle of poverty, to be held on Monday, June 9, 1986, in Memphis, Tennessee. The hearing will begin at 9:00 a.m. in the Memphis City Council Chambers, 125 North Mid-America Mall in Memphis.

The purpose of the hearing will be to examine the nature and extent of poverty in the South and to examine programs of Southern States designed to break the cycle of poverty. The Subcommittee will take the testimony of State officials and other invited witnesses from throughout the South. In addition to the formal hearing, the Subcommittee will make a site visit in Memphis to meet with families who are receiving public assistance.

In announcing the hearing, Chairman Ford said, "The recent report of the Southern Governors' Task Force on Infant Mortality is only the latest documentation of the high poverty rate in the South. If we are going to break the cycle of poverty, we have to look to that area of the country where poverty is most prevalent."

STATEMENTS FOR THE RECORD OF THE HEARING

Persons wishing to submit a written statement for the printed record of the hearing should submit at least six (6) copies of their statements by the close of business, Friday, June 20, 1986, to Joseph K. Dowley, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, Washington, D.C. 20515. If those filing written statements for the record of the printed hearing wish to have their statements distributed to the press and interested public, they may deliver 75 additional copies for this purpose to the Memphis City Council Chambers on the date of the hearing.

SEE ENCLOSED FORMATTING REQUIREMENTS

COMMITTEE ON WAYS AND MEANS FORMATTING REQUIREMENTS FOR PRINTING OF HEARING STATEMENTS, WRITTEN COMMENTS AND EXHIBITS

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will **not** be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be typed in single space on legal-size paper and may not exceed a total of 10 pages.
2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.
3. Statements must contain the name and capacity in which the witness will appear or, for written comments, the name and capacity of the person submitting the statement, as well as any clients or persons, or any organization for whom the witness appears or for whom the statement is submitted.
4. A supplemental sheet must accompany each statement listing the name, full address, a telephone number where the witness or the designated representative may be reached and a topical outline or summary of the comments and recommendations in the full statement. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press and public during the course of a public hearing, may be submitted in other forms.

Chairman FORD. The Subcommittee on Public Assistance and Unemployment Compensation of the Committee on Ways and Means of the U.S. House of Representatives will come to order.

As chairman of the Subcommitee on Public Assistance and Unemployment Compensation, I am very happy and delighted to have with me from the Ways and Means panel, a very distinguished and able Member of the Congress and of the Committee on Ways and Means, Mr. Ronnie Flippo of Alabama to join us here today in Memphis, TN.

We have called this regional session for a continuation of subcommittee hearings to hear from witnesses on work, training, and education opportunities as we look at the welfare system in this Nation and, hopefully, this subcommittee will be able to make recommendations back to our colleagues in the Congress of the United States.

The subcommittee has traveled to Memphis today to learn about a crisis that threatens to leave the children of the South with little hope for a healthy, productive future. That crisis is called poverty. It means infant mortality, children with low birth weights, children who are hungry, who cannot compete in school, and who often become parents too soon with little hope for an independent and productive future.

More than 14 percent of all Americans live in poverty today. Nearly a quarter of all children in the United States happen to live below the poverty thresholds. And, although only 30 percent of our Nation's people live in the South, fully 68 percent of persistently poor Americans are southerners.

We're here today to explore the reasons why this has happened and, even more importantly, to identify ways to reverse this trend. I know that one cause must be inadequate AFDC assistance. The South is notorious for its low welfare payments. Across the country, the real value of AFDC benefits has declined by 33 percent over the past 16 years. The South is no exception, but the decline is even more alarming when you consider how low the benefits are in Southern States. In Tennessee, a family of three, with no other income, receives about $186 a month. Adjusted for inflation, this is nearly a 50-percent reduction from the 1970 benefit level.

The failure of many Southern States to extend AFDC to needy, two-parent families may also contribute to the Southern poverty problem. In 1984, the poverty rate for States without an AFDC-UP Program was 12.1 percent. In States with AFDC-UP, only 9.6 percent of the citizens were poor.

We are fortunate to have a distinguished array of witnesses here before the subcommittee today. And I'm pleased that Gov. Bill Clinton of Arkansas will be joining us later this morning, and that the Memphis Human Service Community is so well represented here today, as well as other States. The Commissioner of Health and Human Services from the State of Alabama will be testifying later today.

There will be those who will tell us about the poverty problem here in the Memphis area, as well as the region. We will hear from one of our renowned physicians in this city, who heads up the Newborn Center in Memphis, Dr. Korones, who will talk about infant mortality and low-weight births here in this area, as well as throughout the State and the South.

We're delighted to have all of the witnesses today. We look forward to hearing from you testify before the subcommittee. At this time, the Chair will recognize the distinguished member of the Ways and Means Committee, Mr. Ronnie Flippo of Alabama.

Mr. FLIPPO. I, first of all, want to take advantage of this opportunity to commend you for your leadership in the very important area. Those of us on the Ways and Means Committee have come to respect your leadership and the facts and the figures that you lay before us. And the compassion with which you approach these problems, and the effectiveness of the solutions that you recommend, we are grateful to you for taking this leadership position.

And the position that you hold on the Ways and Means Committee as the chairman of this subcommittee, is important not only to the distinguished citizens of your district, but it's important to all of us—not only in the South—but throughout the Nation; indeed, throughout the world.

The importance of this issue that you're addressing today, I don't think can be overemphasized. Clearly, we are in a global economy, and as our world is shifting very rapidly, the world is smaller today than it's ever been before. And our technology continues to make it even smaller. It's really just too small for any of us, or any region or nation of us, to turn our backs on others, or to escape others by building a wall.

We, as we struggle to compete in this world economy, need the constructive assistance of all America's citizens and we cannot afford to leave anyone behind in this transition. We do not intend to do that. We need to know the most effective, efficient way to deal with this enormous problem. We're not investing enough in our human resources, and I look forward to working with you and your continued leadership in this very important area. Thank you.

Chairman FORD. Thank you, very much, Mr. Flippo. I'd like to recognize that the Ways and Means staff person who is here with the subcommittee, one who's an expert in this area, Ms. Deborah Colton is with us, and Ms. Colton, if you would direct the first panel to the witness table—we want to apologize for these machines that are on this table, but we have had instructions that we cannot move those machines off the witness table.

The first panel will be Jerome Ryans, the executive director of the Memphis Housing Authority, here in Memphis; Dr. Sheldon Korones, of the Newborn Center for the Regional Medical Center here in Memphis; Gid Smith, the executive director of the Metropolitan Interfaith Association, which is MIFA, here in Memphis; and Edward Orzechowski, executive director of the Associated Catholic Charities here in Memphis.

The subcommittee is very delighted to have you with us today. We look forward in hearing from you, and your input that you can share with this subcommittee, as it relates to work training and education. You know, we have been charged with the responsibility—the President made it his State of the Union Message—he called for a closer look at the welfare system. He's now made a request from the Domestic Policy Council, which is headed by Attorney General Ed Meese, to report on or before December 1 to the President on some type of welfare reform package.

It's the intent of this subcommittee to hear from witnesses like all of you, and many more throughout this Nation, to brief us and give us the type of information that will be needed, so that when we look at the different trends and look at the problems that we're faced with—with the present system—that we will be able to make recommendations and develop a strong and sound welfare policy that will address the needs of the poor of this Nation.

At this time, the panel is recognized. Mr. Ryans, we will go in the order that I called.

STATEMENT OF JEROME D. RYANS, EXECUTIVE DIRECTOR, MEMPHIS HOUSING AUTHORITY

Mr. Ryans. Thank you, very much, Mr. Chairman.

Mr. Chairman, the problems of poverty and the impact that poverty has on families in Memphis may be seen and felt in each and every public housing development in the city of Memphis. It is poverty that swells the Memphis Housing Authority waiting lists to a figure beyond 12,000, and it is also poverty which keeps a family living in public housing for generation after generation.

In arriving at a solution to break the poverty cycle, there must be a comprehensive approach to addressing the entire issue of poverty. The fragmented attempts to heal poverty, which is a societal ill, have not been working; therefore, I hereby recommend some stronger medicine which will put this societal ill on the road to recovery.

We must get the root of the poverty cycle and the problems inherent of poverty, by dealing with the institution of the family. The family, whether rich or poor, is a sacred institution, and we as various representatives of various agencies and programs, should consider the entire family as a unit as we develop meaningful and workable programs and other support that the family unit needs in which to socially and economically improve their current living condition—and thus, make still the revolving door of poverty.

Too often agencies operate in a vacuum, making it impossible to adequately meet the needs of the family. Some agencies get too turf-conscious and that sense of self-protectiveness, and in most cases hamper the quality and dedication of service delivery to those in need of public assistance.

Of MHA's nearly 40,000 residents, about 99 percent receive some sort of public assistance, and of our 7,241 units of public housing, mostly all of these households are headed by single parent mothers. Sure, the majority receive AFDC, food stamps, and other forms of aid, but there is a verv serious flaw in the welfare programs in the State of Tennessee, impacting naturally on our fair city and the incentives which are essential in promoting the sacred institution of the poverty-ridden family of this city's underprivileged citizens.

This State needs to provide AFDC to the two-parent family, and to cease penalizing the family unit if the father of the children has no job and wants to live with his family. The system is running the father away from his family; therefore, there is no male figure around the children in those most important formative years. There are no incentives for a poor family to stay together and, Mr. Chairman, just because the father's unemployed, it does not mean that he can't provide and project a positive influence over his children. At the present time, I suspect this State spends more money on processing a juvenile delinquent through the system than it would on lending support to that young person's family, by allowing that father to remain in the household. And, perhaps, preventing that youngster from becoming a juvenile delinquent.

There is a total of 268,871 households in the city of Memphis, according to the Census Bureau, and the numbers of the Department of Human Services show that there are 43,089 food stamp households in this city, issuing $6 million in food stamps each month. That is almost 20 percent of Memphis families on food stamps. DHS also supplied information that there are 18,075 AFDC households in Memphis, totaling an expenditure of nearly $3 million per month in public assistance to single parent families with children, which is 7 percent of the Memphis community.

When we look at the surprising levels of income of the city of Memphis, we can readily see that there is a problem of poverty in our area. Almost half of the households of Memphis earn less than $15,000 per year. But let's explore the real area of poverty, based on income in our community, and we will find that there are 46,500 households with income between zero and $5,000 per year, or 17.3 percent. This is the income level of residents that the housing authority serves.

People simply do not have enough money to live on. Our senior citizens live, in most cases, far below the poverty level, and each year when Uncle Sam gives them a little raise, we all know what's going to happen. There is a likelihood that the Department of Human Services is going to decrease their already meager amount of food stamps and the Department of Housing and Urban Development vis-a-vis Memphis Housing Authority, is going to raise the rent. So what happened to the senior citizen's raise? In all actuality, a cost-of-living increase or allowance is nonexistent to the elderly person who is scraping to get by this month until the mailman rings again on the first of next month.

Poverty is a vicious cycle, and far too many are spinning as a result. The solution to poverty is jobs. There should be more job development programs and the system should be forced to create programs that are structured with a goal in mind of upholding the sacred institution of the family, and not a continuation of pseudo-assistance programs which is designed to break up and destroy the family unit. Programs, as they are presently, feed the growling stomach of poverty's ever-increasing appetite.

Mr. Chairman, I submit to you there is a direct correlation between poverty and crime rate. Between poverty and the dropout rate of school-age youth. Between poverty and teenage pregnancy, and between poverty and death. The death of one's self-esteem and the death of one's hope, which is carried from parent down to their child and down to their children's children.

I have stated a lot of numbers and percentages, but I am not really concerned with numbers. But, as executive director of the large housing authority in the State of Tennessee, I am concerned with maintaining the unity of my residents' families. There are a number of positive programs which serve the needs of the poor of this community, such as MIFA's Meals-on-Wheels Program, the Shelter-Down Community Services Agency, and the Memphis Urban League, and others.

But with funding uncertainty and the need of additional funding for service expansion, the future of these winning programs and services is unsure. Couple these uncertainties with the Gramm-Rudman-Hollings budget balancing efforts, I can truly say that we do not know what to expect for those individuals living below the poverty level.

I think that there is one thing that people tend to forget, and that is the Federal Government exists to serve. That is why the Federal Government is there to serve its people and, likewise, elected officals are there to serve, as this subcommittee is doing here today. Checking the pulse of this community on the subject of poverty. Making recommendations and devising new ways and programs to ease the burdens that poverty creates.

The people make this country; the country does not make the people. That is why my position is so strong that we should take care of our poor, our downtrodden, and our disillusioned. With these few words, Mr. Chairman, I thank you.

Chairman **Ford**. Thank you, Mr. Ryans.

And now, the executive director of the Associated Catholic Charities, Mr. Orzechowski.

STATEMENT OF EDWARD ORZECHOWSKI, EXECUTIVE DIRECTOR, ASSOCIATED CATHOLIC CHARITIES, MEMPHIS, TN

Mr. **Orzechowski**. Congressman Ford, Congressman Flippo, I would first like to take this opportunity to thank you for inviting me to testify here, and also to commend you for your initiative in holding this hearing.

I would like to begin my remarks with some general comments on patterns of poverty that I am sure will seem obvious to many here. They will, nonetheless, provide a context for my remarks later.

When discussing poverty from a local perspective, I can say that in many ways that local perspective is no different than what one sees from a national perspective. The feminization of poverty is well documented. Over a third of all female-headed families are poor. The continuing high rate of unemployment sends hundreds of thousands of people below the poverty line.

The racial disparity in the rates of poverty are staggering. Having borne the brunt of prejudice and discrimination, blacks today are three times more likely to be poor than whites. Children pay a heavy price for being poor. Today, one in every four American children under the age of 6, and one in every two black children under 6, are poor. You already know the outrageous incidence of infant mortality among them. The poverty in rural America is unquestionably severe, and brings with it issues and problems unique to those areas. According to a study released by Public Voice for Food & Health Policy:

In 1983, there were 13.5 million rural poor, placing the rural poverty rate over 20 percent above the national average, and almost 40 percent above the rate for metropolitan areas.

The study describes the rural poor as older than their urban counterparts, less educated, more likely to live in a single-parent family, and more likely to be part of the labor force and thus considered working poor. Despite those similarities, there are also significant differences and unique problems to the patterns of poverty in the Southeast. The Bureau of Economic Analysis ranks the Southeast region as the lowest of the eight regions in the country in annual per capita income—currently $11,705. Tennessee ranks 40th, at 81 percent of the national average, with a per capita income of just $10,934—this, despite significant gains in Tennessee in the last 10 years.

About one in every five Tennessean lives at or near the poverty level. According to the 1980 census, more than 40 percent of those living in poverty are households headed by women, and three times as many black families as white families are poor in Tennessee. Over one-half of Tennessee's 95 counties show unemployment higher than 10 percent, with several counties at or near 25 percent. The Tennessee unemployment rate in March of 1986 was 8.2 percent, 10 percent higher than the national average.

Tennessee ranks 44th in median income, with 67 percent of the households having income below $20,000 per year. With the dramatically higher poverty rates among blacks, the issues for Shelby County are obvious, given the near parity in the black-white population.

So those very broadly are some patterns of poverty in the Southeast. So what are our responses to that?

In the last 2 years, Tennessee has made some significant gains in those programs which assist the neediest. The standard of need for AFDC has more than doubled in the last 2 years, with grant payments increasing by more than 14 percent in the last 2 years alone, significantly better than the rate of inflation.

Furthermore, Tennessee recently passed what is called the right-to-work bill, allowing individuals to earn up to the standard of need, minus the cash grant payment, before losing benefits. Greater emphasis has been placed on providing day care for low-income families in order to allow gainful employment for those with young children.

Tennessee also recently passed a school nutrition bill, which mandates the schools with a significant number of poor children eligible for free lunch programs, to provide breakfast programs as well. But despite these gains, the Southeast continues to lag behind in fully utilizing existing national programs to address the incidence of poverty.

As of July 1985, Tennessee's standard of need is 46th in the country. The AFDC standard of need for a family of four is now $413 per month, with a maximum grant of $186 per month, or only 45 percent of the need standard. All Southern States rank in the lower 20 percent on both standard of need and grant payments of the entire country.

Medicaid requires a 30-percent State match, for which Tennessee lawmakers have chosen to restrict eligibility and limit services to keep costs low. Over half of those living in poverty are not eligible to receive Medicaid because they earn too much. Food stamp recipients in Tennessee average a monthly benefit of $44.50 per person, or less than 50 cents per meal. Unlike 40 other States, Tennessee has no general assistance program for individuals or families desperately needing financial assistance.

Most counties do not have any kind of general assistance program whatsoever, although some urban areas, like Memphis, do offer some limited assistance. One has to question, however, that even if Tennessee and other Southern States match or exceeded the utilization of current Federal programs to assist the poor, whether or not this would be truly impacting on their lives and futures by increasing their active participation in economic life. It is to that end that I would like to make four points regarding future proposals for welfare reform.

We still have no clear family policy which establishes the values which we hold in strengthening family life. Any work on future welfare reform will only be as good as the value context which is brought to bear on those reforms. Other disheartening comments aside, Attorney General Edwin Meese recently stated, from his position as Chairman of the White House Domestic Policy Council, that, and I quote: "Public policy is family policy." Notice that I say it is family policy. Public policy affects family life whether we intend it to do so or not.

In Meese's own words, the new task force he formed "will assess the present condition of the family. It will conduct a comprehensive inventory and evaluation of the effects of a wider range of public policy on the well-being of American families. And it will suggest changes in policies, programs and practices that will enable us to do all that we can to support the family."

If those statements hold true, and I emphasize "if," we may have some reason to hope that something more constructive than the record of budget cuts will become the work of this task force. As Daniel Moynihan stated, "A national family policy need not be any more complex than were the provisions of the Employment Act of 1946."

The point is not what answers are provided, but what questions are posed. Our national family policy need only declare that it is the policy of the American Government to promote the stability and well-being of the American family. That the social programs of the Federal Government formulated and administered should keep this object in mind. And, finally, that the President or some person designated by him will report to the Congress on the condition of the American family in all of its many facets. Not of the American family, for there is as yet no such thing. But rather the great range of American families in terms of regions, ethnic origins, economic status, et cetera.

Second, we know that any substantive welfare reform needs to find some way to meet the needs of the poor and yet provide incentives for self-sufficiency. There is ample evidence that income support transfers of the kind we've been talking about has, in fact, worked. In the 1960's and 1970's, increases in social insurances, public assistance, and in-kind transfers have produced a decline in the incidence of poverty. The Nation, at least until the early 1980's, was doing better. But this reduction was purchased at large budgetary costs, so many people who have other philosophies didn't feel any better. However, two researchers from the University of Wisconsin and Washington, respectively, Sheldon Danziger and Robert Klutnick, argued that it is the level of pretransfer poverty that has proven to be so much more difficult to address than thought some 20 years ago. As Sheldon writes:

> If one adopts the views of the planners of the war on poverty, a new war on pretransfer poverty is in order. It is only by providing job opportunities for the poor, and by spreading the benefits of economic growth to the poor more rapidly and effectively than during the 1970's can the nation both reduce economic dependency and poverty. Only through a plan that eliminates pretransfer poverty for those who are expected to work can the United States both do better and feel better. Indeed, we must be willing to adequately provide for the needs of those who cannot work—and I stress adequately. At the same time, we most focus on reducing pretransfer poverty with such things as an expansion of the earned income tax credit for low-income workers, the enactment of an effective child support program, the pursuit of active labor market policies to help the poor secure better jobs, and so on.

The third point is that there can be substantial improvements in the short term for the poor in our country. The Committee on Federalism and National Purpose, one of the leading groups trying to force a consensus on the relative roles of the Federal Government, as well as State and local sectors, recommends the establishment of uniform eligibility standards, and uniform and adequate benefit levels in the AFDC and Medicaid Programs.

The committee defines the AFDC benefits floor as a cash grant which, together with the value of food stamps, would equal between 75 and 90 percent of poverty level income, adjusted for regional differences and cost of living.

It also endorses the AFDC unemployed parent program and, in the case of Medicaid, medically needy coverage regardless of cash assistance steps. The committee believes these programs should be 90 percent federally funded if we are to insure adequacy and equal treatment. The committee made some other recommendations on welfare issues. On "devolution," or the return of some responsibilities to State and local governments, the committee recommends that many community development and social service type programs be fully returned to the State.

If, in fact, the Federal Government did take responsibility, and the full responsibility, for AFDC and Medicaid Programs, then perhaps that recommendation can also be given serious consideration.

In the second draft of the American bishops pastoral, "Catholic Social Teaching and the U.S. Economy," there is also a call for a significant improvement in the public assistance programs, with uniform and adequate levels of support, national eligibility standards, with policies which maintain the dignity of the individual and support of the entire family. The document endorses reforms in the tax system which would reduce the burden on the poor, and the current direction in Congress is obviously in the right direction in that area.

The second draft of the bishops' pastoral states that employment practices, health insurance policies, income security programs, service programs, and so on, can either support or undermine the ability of families to fulfill their roles in nurturing children and caring for infirm and dependent family members. We need to be sure they do the former.

These recommendations by the Committee on Federalism and the pastoral on "Catholic Social Teaching and the U.S. Economy" are thoughtful recommendations and need to be taken seriously in the current reform discussions.

The last point I would like to make is the need for long-term solutions which require new and creative thinking from a broader perspective. It is clear from a historical perspective that neither welfare social services, welfare work incentives, nor existing benefits to the intact families has reduced welfare dependence. More fundamental alternatives to the existing system, such as proposals for a family allowance or a children's allowance, should be carefully considered. Recent studies around the children's allowances and credit income tax proposals need to be further studied and piloted to determine their effectiveness. This also applies to child support insurance programs that could substantially reduce poverty and welfare dependence among female-headed families.

As a final comment, I would like to state that our experience in the last 25 years with many of these programs has taught us a great deal. There has recently been and continues to be growing study and research on poverty and a new and creative energy to find ways to impact and offer opportunities for the growing number of poor.

Our Federal policy has clearly created and developed public policy and incentives for even greater opportunities for the middle and upper economic classes, such as incentives for retirement savings. We need to find ways and invest in providing opportunities for those that are the poorest among us. I believe it is a responsibility that we all share. Thank you.

Chairman **Ford**. Thank you, very much. Dr. Korones.

STATEMENT OF SHELDON KORONES, M.D., THE NEWBORN CENTER, REGIONAL MEDICAL CENTER, MEMPHIS, TN

Dr. **Korones**. Gentlemen, I thank you for inviting me to make a statement, and I think you should be advised in advance that my statement is not prepared. My thoughts will be expressed extemporaneously.

I come to you as a physician who has been preoccupied for almost 20 years with but one—however be it a typical one—fragment of the poverty picture. I have long viewed poverty to be an awful hailstorm. The affected individual is pelted on all sides. I've seen them, more than most people have seen it. I have had the good fortune to be responsible for an intensive care unit for newborn infants for the last 18 years in an institution that has catered to the medical needs of the poor traditionally, and to the medical needs of others as well. The facility in which I am at work is probably the largest such in the country. Its interest has not been restricted to providing medical care that would otherwise be unavailable, because in this area of medicine one sees the ugliest fallouts of socioeconomic inadequacy—higher infant mortality and a higher incidence of prematurity. Through the years we have cared for approximately 22,000 sick infants. Seventy-five percent of these infants are from proverty families.

I have derived some ideas from personal contact with many of these infants—obviously not all—combined with the work of our nine social workers who continiously delve into details of the lifestyle of our patients' families. So I speak to you of prematurity and low birthweight, to which you alluded in your opening statement, Congressman Ford.

You specifically mentioned infant mortality and low birthweight infants. The average incidence of low birthweight nationwide is approximately 7 percent. At our institution the incidence is 15 percent. Perinatal medicine, which is the care of pregnant women and their newborn infants, is probably more closely related to socioeconomic trends than is any other branch of medicine. Many of the misadventures that we encounter are biologic expressions of social inadequacy. There are short-term problems that demand immediate amelioration. A very pressing one is access to hospitalization. The difficulty of the poor to secure hospitalization for any reason, much less pregnancy, becomes more pervasive every day.

Our institution has been traditionally committed to the poor. This community's provision of health care for the poor has been exemplary through the years. Nevertheless, one recurrently hears of a women's failure to obtain care because the bill cannot be paid. There follows the phenomenon called dumping. This is a short-term difficulty because it is remediable in the immediate future. If not alleviated soon it may well become a historically significant long-term tragedy. Counties and States argue with their neighboring counterparts in regard to fiscal responsibility for hospitalization of their poor; a phenomenon that has been reported in localities throughout the country. The same may be said of ambulatory care. As medical fiscalization proceeds at an accelerated pace the poor are left stranded. The State of Texas has moved to ameliorate this type of inequity with its five-part legislative package. There are long-term implications in the lifestyle of poverty that I witness daily. They persist in spite of decades of vigorous effort. The suggestions I will put forth are additions, not alternatives, to efforts that have already transpired or are currently being sought.

Most suggestions of programs to diminish poverty involve some sort of fiscal solution. These have been, and will continue to be, essential components of an approach that must become more encompassing. Today at this hearing we speak of the worsening of poverty. The national standard of living improves, yet we must be concerned about a segment of the population that is anxious about its survival. We, through the years, applied sorely needed Band-Aids. Fiscal support is part of the solution. It is far from a definitive one. The suggestion you heard in previous presentations, directing your attention to the family unit, is noteworthy.

In his introductory statement, Congressman Ford spoke of reversing a trend, but I do not believe we can reverse trends by merely increasing fiscal allocations. While these are indispensably beneficial and obviously necessary, we must expand our thinking if posterity is not to hold these same hearings on its little changed problems of poverty. We must unearth and nurture the difficulty at its roots. The roots are poverty's children.

Poverty is not merely a lack of wherewithal; it is more fundamentally a mindset. It is a mindset that, to an undefinable extent, has been imposed upon its victims. It is a mindset that is acquired by children who are heirs to an orientation that looks elsewhere for survival, only because our efforts to teach otherwise have been ineffective or nonexistent.

A major protracted effort must be directed to our children during the preschool and school years, at least to age 8 or 10. We must devise schemes and programs that will impart information and influence development of attitudes. Guidance may be concentrated in the schools, but it must be extended beyond. Many of poverty's children require motivation to fulfill their potential. They also need to know that survival is not necessarily synonymous with Federal programs. Family influence may require reinforcing or counteracting. Reversal of trends will not come while we remain preoccupied only with the provision of material support. With the loftiest of intentions we are perpetuating the lifestyle we are so anxious to eliminate.

For 18 years I have watched a large number of babies come through our facility—75 percent from poverty families. Most of them are smaller than they ought to be. Our technology has improved through the years; the mortality rate has declined from 20.1 percent of the infants admitted to our unit in 1970, to 6 percent in 1985. Yet we now admit these biologically disadvantaged babies in even greater numbers than in 1970. They survive in greater numbers, but the rate of prematurity is unchanged. This is not the fault of medical science. Prematurity is an ugly fallout of poverty, the incidence of which is also unchanged. Lifestyle entails such items as diet, not so much lack of food but proper components of a proper diet. Lifestyle entails proper spacing of pregnancies. One could list a multiplicity of items that cry out for concentrated attention. Mortality and the incidence of brain dysfunction will diminish—but only to the point we are now approaching. At that point, science is impotent in the face of social inadequacy. I look to society to put us out of business by vastly improving conditions which now impair the outcomes of poverty's pregnancies and the destiny of poverty's children.

This will not be done solely by increased appropriations. I do not intend to denigrate such worthy efforts. Material support must be sought with all the vigor that is indicated in this hearing.

We must think in other terms. We must remember that poverty is not only "where do I set," "where do I live," and "what do I wear?" Poverty is a mindset. Poverty's children are born into it, and they live by it into adolesence and adulthood. This is the cycle we must break.

Thank you.

Chairman **Ford**. Thank you very much, Dr. Korones.

At this time, Mr. Smith.

STATEMENT OF GID H. SMITH, EXECUTIVE DIRECTOR, METROPOLITAN INTER-FAITH ASSOCIATION, MEMPHIS, TN

Mr. **Smith**. Chairman Ford and members of the Subcommittee on Public Assistance and Unemployment Compensation, my name is

Gid H. Smith. I'm the executive director of the Metropolitan Inter-Faith Association [MIFA], which is located in Memphis, TN. MIFA is a private, nonprofit organization that provides a number of services to the poor and elderly in the Memphis area. Thank you for inviting me to testify at this hearing on reducing poverty in the South and Southern States' programs designed to break the cycle of poverty.

First, the extent of poverty in the Memphis area: In Memphis, 21.8 percent of the people live at or below the poverty level, as compared to 16.8 percent in Tennessee and 13.4 percent in the United States. In Shelby County, TN, this means that a total of over 30,000 families live in poverty. More than half of the poor families have a female head of household.

Poverty is magnified among black persons. In Memphis, 37 percent of the black population lives below the poverty level as compared to about 30 percent in the United States.

Poverty strikes the elderly, too. In the 4-county area served by the Delta Area Agency on Aging, 26,454 persons who are over 60 years of age, have incomes below the poverty level. In Shelby and Fayette Counties, 22.7 percent of those over 65 years of age live in poverty.

What about poverty and programs to meet the needs of poor people? First, housing. One out of every seven Memphians cannot afford the standard housing which the market provides.

There are not enough subsidized housing units in Memphis, including those available through the Memphis Housing Authority and section 8. There are a total of 22,680 subsidized housing units, but there are 35,000 households that need a subsidy for them to be able to afford housing that could accommodate their needs.

The lack of sufficient subsidized housing units, or the income to afford housing means increased numbers of homeless individuals and families. The Memphis Coalition for the Homeless, which is administered by MIFA, held counts on two different occasions last year. They determined that there are approximately 500 homeless persons at any one time in Memphis. Among this population are increasing numbers of women and children.

In response to the needs of homeless persons, we have initiated the Emergency Home for Families Program, in which we use houses made available by HUD for $1 per year, to keep families intact while they are being stabilized and making plans for the future. This program has received national recognition for its innovative design, and has been replicated in other places. With 15 units currently in operation, we have provided shelter for 242 families in the last year. This program does help homeless families by giving them a shelter and a respite from financial pressures for an average stay of 2 months. As helpful as the program is for individual families, it can only be seen as one small piece in the puzzle of meeting the shelter needs of poor families.

What about emergency financial assistance? At MIFA, we find that there are large numbers of individuals and families who need financial assistance with utility, rental or mortgage payments. The need for emergency financial assistance is caused, in part, by the lack of stable employment opportunities for working poor persons and, in part, by AFDC being limited, in Tennessee, to single-parent households. Other reasons, such as medical emergencies and family crises, contribute to the loss of income necessitating a request for assistance.

To be eligible for assistance from our agency, a family has to have a documented need, such as the loss of income and an eviction or cutoff notice in hand. According to the policy of the agency, we will only pay for one emergency per family per year. Even with these restrictions, we are usually out of money by the middle of each month. This leaves other qualified persons to do without, or to wait until the next month for assistance. In the last year, we were able to help approximately 4,000 families. The number of persons seeking financial assistance appears to be growing at a rapid pace.

While emergency financial assistance may be maintaining families rather than breaking the cycle of poverty, I mention it in this hearing because of the unique blend of public and private funds made available for this purpose. We receive funds for emergency financial assistance from the city of Memphis, from the Plus One and Plus Coupon Programs of Memphis Light, Gas & Water, and from the religious community through the Churches and Synagogues Serving Families Program. We've also been recipient of FEMA funds made available for emergency food and shelter programs. These funds are used to provide critical assistance in helping families to keep from falling deeper into the cycle of poverty.

Next is hunger. Poverty is also found in Memphis in the form of hunger. MIFA, through a citywide system of 23 food pantries located in churches, provides emergency food rations for the hungry. Persons seek emergency food assistance because they are not eligible for food stamps, or they are waiting for food stamps to be approved, or they have run out of food before their next allotment of food stamps is due. The Tennessee Department of Human Services, and other agencies, help by screening those who seek assistance. MIFA keeps central client records, clears requests for food, and provides additional assistance to the food pantries through the Memphis Food Bank.

In the last year, this coordinated system of emergency food assistance provided a 3- to 5-day supply of food for 23,000 persons. While there are many persons in need of food assistance, it is my understanding that in the last 5 years food stamp recipients in Shelby County have decreased by 18 percent. Our efforts are not designed to replace the Food Stamp Program, but to fill the gaps when public assistance is not enough.

The elderly: Among the elderly, poverty appears in the forms of frail health, isolation, and premature institutionalization and death. MIFA serves the elderly through transportation to medical and other support services, congregate and home delivered meals, and case management services for the frail elderly. It is our experience that most of the services which the poor elderly need are at capacity. Most agencies will not be able to extend their services to the rapidly increasing number of elderly and frail elderly persons. In addition, many elderly persons do not seek services they need, and for which they are qualified, because they feel it would be a loss of dignity or a threat to their independence to do so.

Is the cycle of poverty being broken? There are some encouraging signs that the private sector is responding to the critical human needs through increased contributions to agencies such as United Way and MIFA. One hopes that this trend of increased private sector support will not be stopped by proposed changes in the tax law, which would take away incentives for charitable contributions, especially among nonitemizers.

There are some encouraging signs that agencies are joining together to address specific human needs in Memphis. Among these are the formation of coalitions of public and private agencies to address the needs of the homeless, child sexual abuse, teenage pregnancy, family violence, and youth employment.

There are some encouraging signs that programs in the Memphis area have been created to encourage self-help among the poor and elderly, and volunteerism among peers for mutual aid. MIFA has been fortunate to initiate the Senior Companion Program, which helps poor elderly persons provide companionship and aid to other more frail elderly persons. We have started the Caregivers Program which supports families and friends who are left to care for the homebound person. We have also started the MIFA Job Bank, which involves over 200 congregations in Memphis by matching job seekers with job opportunities. The MIFA-sponsored City Slickers Program helps low income teenagers earn money while providing a community service and establishing good habits at the same time.

While there are encouraging signs that the Memphis community is and will respond to the needs before it, the question remains, "Is the cycle of poverty being broken?" The answer, in a word, is no. While there are some encouraging signs and individual exceptions, we may even be losing ground in the battle against poverty. Moreover, the cycle of poverty may be getting an even stronger grip on successive generations of poor persons.

There is a great need for additional public assistance from the Federal Government for housing and other services for the poor and homeless. I am pleased that the funding levels for HUD-assisted housing for low income persons, contained in the recent House-passed version of the fiscal year 1987 budget, would mean continued support of those programs necessary to provide a minimum level of assistance in dealing with the low income housing crisis in our community. Unfortunately, the Senate version does not hold the same hope for the future.

In conclusion, poverty is real in Memphis. It is evident in the large number of poor persons ranging from infants to the elderly.

MIFA represents one way the public and private sectors join together to address short-term needs and to create long-term solutions. There are other effective agencies and programs in the Memphis area which are also engaged in efforts to break the cycle of poverty. Our fear is that the Federal Government is opting out of the battle, by not providing the necessary tools in the form of legislation and funding. This will leave a relatively poor community, such as Memphis, with the enormous problem of poverty to cope with. In the face of this situation, poverty and its costs in human misery and lost opportunities will inevitably continue.

Again, I thank you for this opportunity to address you.

Chairman Ford. Now, the Chair and the subcommittee would like to thank all four members of the panel for your input, and your testimony has been very fruitful to the subcommittee today. And at this time the chairman will recognize Mr. Flippo.

Mr. FLIPPO. I, too, want to join you, Mr. Chairman, in commending our witnesses. They've been most helpful. Thank you, very much.

Chairman FORD. Thank you. Let me pose a question. We know that there's been a lot of talk about a welfare reform package. There's been a lot of talk about work, training, and education opportunities as part of a welfare reform package. We have focused, most work programs, really, have been targeted on the parents, and we have excluded—not excluded—but we've somewhat overlooked that two-thirds of the welfare recipients in this Nation just happen to be children.

And we have not focused directly upon a majority of the recipients of AFDC. Recognizing that the next several years we will be working under severe budget restraints from the Federal level, and we will probably have very limited resources to devote to poverty reduction itself, what should be our priorities as we try to develop components of a piece of legislation that will be before the Congress?

As we look at other model programs that are already in place—whether we look at Massachusetts, New York, or California—or come right here in the South and look at Arkansas. I mean, what is it? How should we prioritize our agenda, as it relates to a welfare reform package, trying to address many of the ills that we know that are out there?

I will not direct it to any one of the members of the panel, but all of you might want to respond to that?

Mr. RYANS. Well, I'll try and make an attempt to respond to it.

Chairman FORD. And I certainly would not want to exclude housing. And we have heard it from many, many witnesses before this subcommittee, that the Office of Housing and Urban Development in this administration; we have had very few programs in the latter years, and there's been a lot of discussion now about housing for the poor and, whether or not this subcommittee should try to incorporate in some welfare reform package, a housing piece as well.

Mr. RYANS. I agree, Mr. Chairman. The whole issue with reference to housing has been fiasco for the last, I'd say, 8 to 10 years. But I will say that I think that, from my perspective, that we've got to do a better job in addressing the basic needs in this country. And those basic needs center around providing shelter, providing food, and also providing education. Quite frankly, I think education is the key.

It seems to me that if we can develop the technology and resources to put a man in outer space, and also develop technology and resources to blow this world up a hundred times over, we ought to be able to check those same lines to develop those resources and those solutions to those problems.

I frankly believe that, until we began to recognize that poverty existed, and I think that's part of the problem—I think that for too long we've ignored the whole entire issue of poverty. That we wished and hoped that it would go away, but it's there and it's going to be with us. But I also think too, that unless we are willing to face up to our responsibility, as not only an agency representative, but also as an elected official, that we're going to continue to have the problem.

I would suggest to you that—looking at your priorities—that you might want to start with the bottom line, and that is: addressing the basic needs in this country. And to address those basic needs, you're going to have some influence on the family, and in addition to that, you're going to have some influence on the children in this country. Thank you.

Chairman. FORD. OK. Thank you. Dr. Korones. Do you want to respond?

Dr. KORONES. Mr. Chairman, I would suggest an addition—I don't put this forth as an alternative and I'm not going to talk in concrete terms. We test our babies psychologically when they graduate from our unit, and they do marvelously until about 18 months of age, and then the psychological scores plummet. These are potential subjects of the human race in the next generation. An additional thought needs to be given—and it won't be done in 1 year—the thought must be given to how to support these children that early.

I don't mean when they start school, because much of the damage has been done. But we've got to find some way the cycle is going to be broken, to get to these children at the earliest possible age. Some form of education that will buffer them against what would otherwise be inevitable to most.

Mr. ORZECHOWSKI. The only comment that I would like to add, and I think there is a lot of merit to it, is that much of what we are talking about is priority. I think if we look at it in terms of a priority within the human services system, we are talking about one thing. If we are talking about priority in the overall Federal budget, it is another. And it appears we are going to be continuing to place emphasis on other areas than our domestic needs and human resources. I think we are going to be continuing to have many problems with that in the future. But, within the human service system itself—and if we're going to take that as an assumption—then we're talking about level dollars.

It seems to me that one of the things that you need to look at is the fact that many of these programs have developed incrementally over the past 25 years, without a lot of rhyme or reason to them. For example, it doesn't make a whole lot of sense, when you have a maximum welfare grant in Mississippi of $94, and I believe Vermont is $558, and the cost of living is not 600 percent different. It just isn't.

So I think that that is an issue that we need to look into. Let's look at equity uniform standards, et cetera, in terms of the Tax Code and the major overhaul that is being proposed. It's a major change and yet at least theoretically it's revenue neutral.

I think we need to look into some of those ways, in the human service programs as well. There needs to be some major overhaul. It doesn't necessarily have to cost a whole lot more money although, quite frankly, I have still a great deal of problem with where the priorities are. Unless human services are made a priority, and hopefully that is contemplated at this time, we will pay for it sooner or later.

Chairman Ford. The Chair would like to thank the panel for its participation today before the subcommittee. And thank you very much for coming. Thank you.

The Chair would like to call the next witness before the subcommittee. We have the pleasure to bring before the subcommittee today the Honorable Bill Clinton, who is the Governor of the State of Arkansas. We're very delighted to have him to testify before this Subcommittee on Public Assistance and Unemployment Compensation of the Ways and Means Committee.

Governor, would you like for any of your staff to accompany you—if so, they can feel free to come down?

Governor, once again, we'd like to personally thank you very much for taking the time from your busy schedule to be here with us today. We know that Arkansas operates an innovative work program in 22 counties in the State of Arkansas. We hear that you have plans to expand the program statewide because of its success in the State of Arkansas. We're also proud of the fact that the State of Arkansas actively participated in the work of the Southern Governors' Regional Task Force on Infant Mortality, and we know that the first lady of Arkansas represented the State very well.

We're very proud of Mrs. Clinton in her work with the Southern Regional Governor's Task Force, and we know that Governor Riley headed up that task force and thank you very much, and thank the first lady of the State of Arkansas.

Governor Clinton has stressed the importance of education to reverse poverty in the State of Arkansas. This subcommittee, in the past 6 months, we have watched very closely, with great interest in what you're doing in Arkansas, and once again we welcome your input and your testimony before this subcommittee and we look forward to hearing from you. Governor Clinton.

Mr. Flippo. Just delighted to have you.

STATEMENT OF HON. BILL CLINTON, GOVERNOR, STATE OF ARKANSAS, ACCOMPANIED BY CAROL RASCO, SENIOR ADVISER ON HUMAN SERVICES MATTERS

Governor Clinton. Thank you, very much, Chairman Ford and Congressman Flippo. I'm happy to be here today. I have with me Carol Rasco, who is my senior adviser on human services matters. I have testimony here which I would like to read in large measure and then, perhaps, amplify it as we go along based on what I——

Chairman Ford. Your full text will be made a part of the record, Governor. Thank you.

Governor Clinton. Let me, first of all, just summarize some of the larger economic trends that I perceive to be at work in the South today. The Southern Growth Policies Board, which I chair, and other groups, have done analyses of the southern economy, which make it clear that, notwithstanding the rather stunning economic successes of the inner core in some of larger cities, Atlanta, Nashville, Little Rock, and others, that the rural South is slipping further into poverty; that small towns have increasing poverty rates, and that the problem of poverty is increasing and not decreasing in our region. There are national and international reasons for that, but from 1978 to 1985, the South's per capita income as the percentage of the Nation's has decreased from 87 to 85 percent. During the last 5 years, for the first time in my lifetime, 4 in 10 Americans, after adjustments for inflation, actually had a decline in their income. Forty percent of the country got richer; 20 percent held on; 40 percent got poorer.

A disproportionate number of those 4 in 10 that got poorer are located in the South. And I'm convinced that there are essentially three reasons for that. One is the deepening depression on the farm affecting all rural communities, small businesses and others; a second is the concentration of import-sensitive jobs in the South, the low-skill, low wage jobs that are being lost to foreign competition; and the third is a very large number of single mothers and their children who can't be adequately supported.

Now there are national policies beyond the reach of your subcommittee that have something to do with that: the farm policy, the trade policy, the policy toward the currency. But there are some things which I think you can do. I would like to talk, if I might, from the perspective of our State and what we're trying to do and how that might interface with what the Congress can do.

It seems to me that poor people need a good education for their children, and often for themselves. Second, poor people need a chance to go to work. And third, poor people need an array of social programs which will provide the support they need for health, for housing, for food, and for their children without trapping them into a dependency cycle which will be passed on from generation to generation.

The key things from the point of view of poor people, it seems to me, in the school system are: No. 1, to discourage dropouts; No. 2, to make sure children don't get out of the early grades without basic skills; No 3, to make sure that competitive educational opportunities are offered, even in poor districts; and No. 4, to combat adult illiteracy and the lack of educational opportunities among the poor adults.

In our State we have tried to put more emphasis on early childhood education with elementary school counselors, rigorously smaller classes in the early grades, extra emphasis on reading instruction. Some other Southern States, are—South Carolina the most notable among them—even going to prekindergarten education programs, concentrated in the poverty areas.

Anything that we can do to reduce the dropout rate is as likely as anything else to break the chain of poverty. Arkansas has the lowest high school dropout rate in the South. Of all the States in the Sun Belt, only Arkansas and Oklahoma have rates below the national average, and ours is approximately 23 percent, still appallingly high. That's the best record in the South. So I think any kind of targeted Federal emphasis on dropout reduction is money well spent.

With regard to adult illiteracy, there's going to be a major emphasis this year by the Governors and others who deal with this issue, and more will be said about that in the months ahead. But let me just say that this is a problem unlike most of our social problems that can have a beginning, a middle, and an end, at least for working-age Americans. In 1983, before we called the legislature into session to try to raise the sales tax and try to improve our funding and programs for education, we had 12,800 people participating in our adult educational programs. This year we'll have 30,000. That sort of thing can be done everywhere, and it doesn't cost very much money.

The other day I was in a small rural, all white county in Arkansas where there were many very poor people, and this very articulate man came up to me and said, "Governor, I wish you'd get one of those adult education programs and come out and do some outreach work in our area." He said, "There's an awful lot of grownups in our area who don't have the ability to read, and they're having trouble finding jobs. For example, me—I can't read, and I'd sure like to learn." He was about my age.

I know Federal resources are limited, but this is a problem that really can have a beginning a middle, and an end. Not something you'll have to worry with until the end of time. Nobody thinks our country ranks any higher than 15th on the literacy scale of nations.

And a lot of people are just disabled from going to work. I think our poor people need an economic system which offers extra incentives for businesses to invest in high unemployment areas, provides special incentives for minority businesses, and aggressively seeks to restructure the economy of depressed agricultural areas.

In 1983, we adopted enterprise zone legislation, something which has been much debated in Congress about whether it would or would not work, and how much the cost to the Federal Treasury would be. Of course, that can be adjusted, but I can tell you that over 6,000 new jobs have been established in enterprise zones in Arkansas, most of them in areas of very high unemployment rates.

We have established over 3,400 new jobs in areas with the assistance of the State long-term low-interest loans for economic development, and a lot of that money was Federal money. The Community Development Program was turned over to the States in 1981. When I became Governor in 1983, we decided to dedicate—as a first priority—that money to finance long-term fixed-rate, low-interest loans to people who would go in and start plans or expand businesses in high unemployment areas. And it's been a marvelous incentive to get people to go into otherwise totally depressed areas where, I might say, they've found the work force has done very well by them.

So these are some of the things that I think the National Government should look at, whether or not we really can target with incentives more private investment into hardcore unemployed areas. I believe you can do it, particularly if you lower the cost of capital to go in and then provide the extra training funds it would take to take people with relatively low levels of education up to the training levels of their competitors around the country and around the world.

I would also say that this is something the Federal Government could do, but one thing that we try to do in Arkansas is to develop an economic plan which links the more prosperous areas of the State to the less prosperous areas.

Two rather elemental examples—which you will understand, both of you being from the South—is that one deals with poultry. The poultry industry is booming in America because people are eating more chicken and less red meat and because some genius has figured out how to sell chicken to McDonald's, Wendy's, and Burger King.

Forty-two percent of the American food dollar is now spent by people eating out, and in those places, about half the money is spent by people who are driving through. That means that while the poultry industry has boomed with much of this business concentrated in the South, the percentage of its sales in foreign commerce has declined simply because the domestic market has outstripped the foreign market in growth.

What we've tried to do is develop special incentives to deal with one fundamental aspect of the poultry industry, which is that it puts enormous strains on the environment. Water and sewer costs are great. Our State has developed a program which says to the industry, "If you will expand in Arkansas, and go into these areas that are relatively underemployed, we will provide extra financial incentives to help you go there, help you pay for your sewer costs, and help you pay for your water costs." And it has worked to move the poultry industry from the low unemployment counties in northwest Arkansas more and more to the high unemployment hill counties in the central part of the State, and even into southeast Arkansas.

Wal-Mart has a "Buy America" campaign, which started in Arkansas and now has been nationally publicized in television ads. We have asked the company to concentrate its efforts on trying to help us reopen closed facilities in high unemployment areas, and I must say they've been very forthcoming and helpful about it.

That's not something within the purview of the Congress, but I would encourage every Southern State to try to take the prosperous economic areas into the less prosperous economic areas by establishing these sorts of linkages.

In 1983, 1984, and 1985, our State ranked, among all 50 States, 5th, 12th, and 5th in the percentage growth of new jobs by doing things like those things which I have described. That's the good news. The bad news is that, in spite of the fact that the unemployment rate came down every year, our unemployment rate is still above the national average.

At the end of 1985, 35 of our 75 counties had double-digit unemployment. And this year, we are very much a part of what Business Week, in its present cover story, calls the deflation belt, with declining farm land values and all the rest that you know very well. The consequence of that has been that State revenues this year will only increase a little above 2 percent, and our ability to fund the educational program the poor children need, to continue to offer the financial incentives which include tax incentives that have been helpful in giving us the very high rankings in job growth, to do what we need to do in social spending is impaired. That brings me to the third portion of my remarks, because we do need for poor Arkansans, for poor southerners, for poor Americans, a good school program, a good job program, and a good set of social programs which will offer help to escape the welfare trap and also to escape poverty.

And I think it's important to note, because I know there is a feeling among people in the national administration at least, that maybe this welfare business ought to be just turned back to the States in a block grant. The Governors, by contrast, have consistently called for the federalization of AFDC and a national standard of need. I think you have to view that against the background of what's going on in the States where the most poor people live.

The rural South, the farming States, the other States where production of oil, gas, coal, or other natural resources are, are going to be very handicapped for the foreseeable future in dealing with further responsibilities in this area.

Let me go on and mention a few specific things. Let's talk about welfare reform, job training, child care, infant mortality, indigent health care, and teenage pregnancy prevention. Six key social issues affecting poor people in my State, and throughout the country.

The issue of welfare reform is one of the most critical facing the country. The existing programs haven't worked very well to get people off of welfare and have contributed to the passing of welfare dependency from generation to generation. There has been an alarming increase in the number of poor people in our most critical welfare population, women and their small children.

The continued disintegration of traditional family units, the fact that international economic pressures are continuing to put downward pressure on wages in the low wage areas of our southern economy, will aggravate these trends, I think, at least for the foreseeable future.

So any effort at welfare reform, it seems to me, should have as its objective, strengthening poor families, nourishing poor children and putting to work poor mothers and fathers. Congress has made some commendable progress in the last few years, I believe, principally with passing the Omnibus Budget Reconciliation Act of 1981, which provided the flexibility for States to design their own work programs for welfare recipients, and with the Child Support Enforcement Amendments of 1984, which made it much more difficult for absent parents to avoid assuming responsibility for their children.

Your resistence to cuts in basic social programs has also helped to keep the problems from worsening. But still there is much to be done.

You mentioned the work program which has operated in 22 counties in Arkansas. Since 1983, we have put 3,750 AFDC applicants into jobs and trained many others for jobs, saving over $2 million in AFDC payments, reducing the AFDC load and the costs. We are now in the process of extending that work program to all 75 counties and the other 50 percent of welfare recipients in Arkansas.

The President's budget recommends that you phase out the piddling amount of money which the States use to administer this work program. I think that would be a mistake. Until every State has a work program which is in place and operating and paying for itself, and which therefore will sustain itself in the State legislatures throughout the country, I don't think you ought to eliminate that money.

We have proved it works. Massachusetts has proved that it works. Many other States have, but the point is, even in the face of very high unemployment rates, we have been able to find jobs for thousands of welfare recipients and to empower them to find jobs for themselves. We should not defund a program that is doing what the President says we ought to be doing.

I'd also like to say that the program requires, at the Federal level, the participation only of women who have children 6 years old or older. We applied for a waiver to cover women with children 3 years old or older and were granted that waiver. And we have had very good success there because the key part of our program was finding adequate child care for the mothers. I know you can debate the merits or demerits of someone being home with a small child, but the fact is that the best thing that's happened to most of these parents is being able to go home and look their kids in the eye, with a sense of dignity and self-respect, and the confidence that comes of having a job.

So I think you should look at whether the program could possibly go even below 3 years; maybe down to 2; maybe down to 18 months—the average working mother who is not on welfare goes back to work when the child is somewhere between 2 months and 6 months old. I think you can take it down lower if no one could be required to participate unless adequate child care were available. That's another specific thing I recommend that you look at because these programs are worth it.

Our Job Training and Partnership Program in Arkansas places a major emphasis on providing services to public assistance recipients. Each of our service delivery areas contains a division of the Arkansas Department of Human Services, and SDA's are required to serve welfare recipients on an equitable basis. The programs are closely coordinated with local public assistance programs, and each of our local job training plans must describe how these programs will be coordinated to serve welfare people.

You might want to look at the Job Training Partnership Act, however to try to target some money specifically to the AFDC population, and provide for some allocation with regard to the number of people below the poverty line. The Job Training and Partnership Program has had some problems in every State in the country. I met with all of our people not long ago who complained that we had not spent all of our allocated funds in some areas, even though we had high unemployment rates, and our people said, "That's partly because we don't want to be told to give the money back because of the requirements which are placed on us."

You might look at that and see whether or not, given the unexpended balances in some areas, there should be more targeting and more flexibility for welfare recipients.

In 1985 I appointed a task force on child care with a mandate to assess the need for child care services in our State and to recommend effective methods for the communities to meet their needs. I asked them to address the child care issues of school-age child care, infant and toddler care, cost issues, and the use of public school and community facilities for child care. I'm hopeful that we're going to get some good results from that.

You've already mentioned the Southern Regional Task Force on Infant Mortality. I certainly want to commend their work. In 1979 during my first term as Governor my wife chaired a task force in

Arkansas on rural health care. We, at that time, did a very good job of establishing a regional network of health care, which is one of the primary recommendations of the Southern Task Force, and for years it worked.

From 1979 until about 1983, our infant mortality rate dropped precipitously, so that at that time we had the lowest infant mortality rate in the South; only Texas and Arkansas, at that time, had rates below the national average.

Now, for at least a year our rate has increased. It may go back down in 1985, but our people tell us that the increase is because of the alarming increase in children being born below the poverty line, without adequate health support, financial and other assistance.

So we're continuing to work on nurse midwives. We even had an experimental lay-midwife program in five of the poorest counties in the delta of southeast Arkansas. We're doing a lot of work there, but I would urge you to carefully look at the recommendations of the Southern Governors' Infant Mortality Task Force. It is perfectly plain that you can reduce the number of poor people, not simply by reducing the death of infants, because when you reduce infant mortality, you're also reducing the number who are born with avoidable mental and physical problems. You're giving them a much better start in life. I think that is critical, and there is a role for Federal funding in that area.

One of the things that all of the States in the country have been forced to face—in the South more than in other areas, because we have a higher percentage of poor people—is indigent health care. The Congress faced a situation with Congress and the President, which was fast becoming untenable in 1981 when President Reagan was elected, when health care costs were rising roughly three times the rate of inflation, and the rate of inflation was too high.

You had to do something to bring it down. What you did, among other things, was to set up the DRG system for Medicare, which most of us had followed with Medicaid, and we have all done a good job, I think, of putting the brakes on some unnecessary health care costs. The flip side of that is, of course, that hospitals now have less disposable income to cover costs which were not covered by preexisting Federal or State programs. That's why the indigent health care need has risen.

We had put $12 million into a trust fund and have gotten our indigent health care task force to urge what I think we should do, which is to target the health care needs of mothers and their children. And we're going to be working on that. I can tell you that one decision which needs to be made, it seems to me, explicitly and clearly and as soon as possible is whether or not there will be any sort of Federal role in funding indigent health care problems.

If there's not going to be, it would almost be more helpful if Congress would say clearly and unambiguously that, "We're not going to touch this." Or, "We can't afford to touch this." Because if we had a clear statement of congressional purpose, it might be easier to go back to the State legislature and get some adequate, long-term method of funding.

If you've followed what's happened in the various States, you know that some States have been able to tax health insurance while others have taxed hospital bills. Or others have just taken it out of general funds. But most States have basically done nothing except to try to scrape around and get up whatever money can be found to finance indigent health care.

If I can make one plea on that it would be to go back to Congress and say,"Let's decide what we're going to do, and say it in unambiguous terms". And if indigent health care is going to be something that will be primarily a State function, except insofar as programs can be—you can match Medicaid or match Medicare dollars, or whatever, we need to know about it in a clear way.

And, finally, let me just say that we need to heed the work of the Children's Defense Fund and other organizations and try to determine what can be done to deal with the problem of teenage pregnancies. This is not, primarily, I'm convinced, a spending problem. We have in the Little Rock area a program operated by the Parent Center which is a cooperative effort of funding from public and private agencies, that focuses on providing better vocational skills for children in high school, parenting education, counseling, crisis intervention, and all sorts of other things which are outlined in my testimony.

What I want to say is that the teenage pregnancy problem is a critical problem for attacking the problem of poverty in America. It is not primarily a money problem, but it is perhaps an area where, with a little bit of Federal money, and a little bit of State money, you could mobilize tens of thousands of people to do a whole lot of good. There are some remarkable successes that are programs operating in schools, such as in Jackson, MS, where the pregnancy rate has been reduced. But we have the highest rate of teenage pregnancy of any advanced country in the world, and all the surveys which have been done indicate that we do not have a significantly higher rate of sexual activity among young people than comparable countries.

There must be things we can do about this. While I have outlined some of the things that we tried to do in Arkansas, I would have to say that none of us have done as much as we should. And anything you can do to work with us in a way that all of the States are trying to work with and along the lines outlined by the Children's Defense Fund and other organizations, I think we ought to do it. I think we ought to take the issue out of the closet. We shouldn't be ashamed to talk about it, and we ought to take it on as forthrightly as we can.

Finally let me say I have agreed to serve as the National Governors' Association cochairman for our Task Force on Welfare Reform. We have made welfare reform a top priority for the coming year. I will become chairman of the association in the summer when we meet at Hilton Head Island, and I will be happy to work with you on all the issues surrounding that.

I guess I should say, finally, in closing that you might ask me why Arkansas—like so many other States—does not participate in the AFDC UP Program and cover welfare families with father-at-home. I think there are two reasons. The easy reason is the financial one. We have severe constraints, and it would cost us $13 million in State money. There is also a deep division within the legislature about whether that would aggravate or ease the problem of welfare dependency. I personally believe that there's a lot of merit to doing it, but we have some serious financial problems which I hope we will be able to address in the future. Thank you, very much.

[The prepared statement follows:]

STATEMENT OF HON. BILL CLINTON, GOVERNOR OF THE STATE OF ARKANSAS

I applaud your concern about the proverty which continues to grip the South.

Notwithstanding declining unemployment rates nationally and in many of our states, poverty is a persistent and increasing problem in the South. From 1978 to 1985, the South's per capital income as a percentage of the nation's has decreased from 87 to 85 percent in spite of the successes of Atlanta, Nashville, Little Rock and other urban areas.

In the last 5 years, four in ten Americans suffered a decline in their real incomes and the percentage of people under sixty-five living below the poverty level increased substantially. The South has proportionally more of these people than any other region.

The causes are clear: Depression on the farms; massive job losses in import sensitive industries; increasing numbers of single mothers with children to support.

A major reason for the increased poverty in the South is that our region was most vulnerable to the rude entry of America into worldwide economic competition over the last 10 to 15 years. Moreover, the South was affected more adversely than the nation as a whole by the national administration's policies on trade, agriculture, and the overvalued dollar.

It is clear, therefore, that if we want to fight poverty we must restructure our economy by opening up real opportunities for economic growth. To do this we must develop competitive education systems and economic environments and we must develop a capacity for self-development within each community in our region.

Poor people need an education system which discourages drop outs; doesn't let their children out of the early grades without the basic skills; offers competitive opportunities in math, science, vocational and other courses; and combats adult literacy.

Our state has the lowest dropout rate in the South at 23 percent and we have made progress in these other areas but we have a long way to go. Virtually every Southern state has made a major commitment to education and in the years ahead the poor will benefit if we can keep them in school.

Poor people need an economic program that offers extra incentives for business investment on high unemployment areas; provides special assistance for minority business; and aggressively seeks to restructure the economy of depressed farming areas. Since 1983, over 6,000 jobs have come into Arkansas enterprise zones; over 3,400 jobs have been financed in part by long term low interest state economic loans; over 1,000 jobs in 1985 alone were secured because of tax credits we give only to existing Arkansas industries. We are trying to link successful Arkansas businesses with needy communities. Our booming poultry industry is moving into impoverished hill counties and depressed arm areas. Wal-Mart's "Buy America" campaign is helping as well.

We have helped a few minority businesses and our highway department has increased its minority contracting by fifteen times.

Perhaps the most encouraging development in Arkansas is the effort small communities with high unemployment rates are making to help themselves. We have set up new financing mechanisms and changed state banking laws to aid this process.

In 1983, 1984, and 1985, Arkansas ranked fifth, twelfth, and fifth in the percentage growth of jobs. But we still have a long way to go: At the end of 1985, 35 of our 75 counties had double digit unemployment.

In addition to jobs and education programs, it is clear we must address the whole range of social issues affecting the poor: (1) welfare reform; (2) job training; (3) child care; (4) infant mortality; (5) indigent health care; and (6) teenage pregnancy prevention.

The issue of welfare reform is one of the most critical facing our nation for three reasons:

1. First, existing programs have not worked to get many people off welfare, but instead have contributed to the passing of welfare dependency from generation to generation;

2. Second, there has been an alarming increase in our most critical welfare population—women and small children—in the last few years;

3. The continued disintegration of traditional family units among poor people has further increased reliance on welfare and government funded support programs.

Any effort at reform must have as its objectives strengthening poor families, nourishing poor children, and putting to work poor mothers and fathers.

Congress has made some progress in the last few years principally with the Omnibus Budget Reconciliation Act of 1981, which provided the flexibility for states to design their own work programs for welfare recipients, and with the Child Support Enforcement Amendments of 1984 which made it much more difficult for absent parents to avoid assuming responsibility for their children. Congressional resistance to cuts in basic social programs has also helped to keep the problems from worsening. But still there is much to be done.

In Arkansas we have expanded a Work Program from 22 counties to a statewide program because of its success—3,750 Aid to Families with Dependent Children applicants and recipients have jobs now because of this program and our Department of Human Services has saved more than $2 million in AFDC payments since the program began in 1982. Our Work Program is a bold and vigorous approach to eliminating the barriers that have existed for years between AFDC recipients and the world of work. We offer those in the program assistance in obtaining child care, transportation, and five months of Medicaid coverage to those who lose AFDC eligibility due to employment.

Arkansas' Job Training Partnership Act program also places a major emphasis on providing services to public assistance recipients. Each Service Delivery Area contains a division of Arkansas Department of Human Services. SDA's are required to serve welfare recipients on an equitable basis, taking into account their proportion of economically disadvantaged persons, 16 years of age or older, in the area. SDA programs are coordinated closely with local public assistance programs; each of our local job training plans must describe how programs will be coordinated with the local public assistance program.

In 1985 I appointed a Task Force on Child Care with a mandate to assess the need for child care services in Arkansas and to recommend effective methods available to communities to meet their child care needs. I specifically asked this Task Force to address the child care issues of school-age child care, infant and toddler care, cost issues, and the use of public school and community facilities for child care.

Proverty is a significant factor which affects the health and well-being of women and children. While working to decrease poverty in our states through our economic development and education programs, we are also addressing the situations leading to high risk births. The infant mortality problem has been a major focus of southern governors, and in 1984 the Southern Regional Task Force on Infant Mortality was established to promote preventive measures to reduce its incidence. Many of the recommendations made by the Task Force in its final report, "For the Children of Tomorrow", are being adopted by traditional programs to increase their effectiveness. Arkansas has been a leader in one of the Task Force's Recommendations: we have a statewide transportation system which enables small rural hospitals designed as Level I and II centers to transport high risk newborns to Children's Hospital in Little Rock for Level III care. My wife, Hillary, served in this Task Force which delivered its final report in November, 1985.

In 1984 I appointed an Indigent Care Task Force to study the problems of health care for pregnant women and children. In 1985, the Arkansas Legislature approved a bill which established a $12 million trust fund to target mothers and children—Arkansas' most critical indigent health care needs.

Arkansas' Nurse Midwife Program, begun in 1976 in Mississippi County and expanded in 1984 to two other east Arkansas sites, has significantly contributed to the decline of our infant mortality rate. One reasons for the success of the program is that it is one component of the only regionalized system of maternity care in Arkansas; regionalized perinatal health care systems were strongly recommended by the Southern Regional Task Force on Infant Mortality.

A good example of a cooperative, comprehensive effort between public and private agencies is a school-based program for pregnant high school students in the Little Rock area, operated by The Parent Center. The services provided in the program include: a vocational skills course for credit toward high school graduation. The course helps young women acquire skills to support themselves and their child in the future; parenting education; assistance in goal setting; individual and group counseling; crisis intervention; advocacy for other needs; complete prenatal and postpartum health care; and ongoing education and support outside of school on a weekly basis through the Young Mothers program.

Agencies involved in funding the program include the Arkansas Department of Health, the Little Rock School District, the United Way of Pulaski County, the Winthrop Rockefeller Foundation, and Title XX.

The total cost of the program is about $80,000 which is less than it would cost to keep one premature baby in intensive care for 2 months—the average stay.

One of the fundamental issues we must resolve is the relative responsibilities of the state and federal government for dealing with these social issues.

I have recently agreed to serve as co-chairman of a National Governors' Association Task Force on Welfare Reform. The NGA has made welfare reform a priority for the next year, and we will develop a comprehensive policy for consideration by the governors at the 1987 Winter Meeting of the National Governors' Association. The nation's governors have already called for federalization for the Food Stamp Program, WIC Program, and AFDC.

I appreciate Congressman Ford and Congress for mandating Medicaid coverage for pregnant low-income mothers and their children up to age one. I believe you are going in the right direction. What I would like to see next is an extension of the Consolidated Omnibus Budget Reconciliation Act Amendments to target the 1-5 age group.

While I believe the Basic Income Security Programs are good, I am convinced that the way to fight poverty is to provide a good education, good jobs, and social programs that are pro-family, pro-child health, and pro-work.

The nation's governors are considering the development of a strategic plan for refocusing priorities to support and supplement traditional welfare programs. I believe that the states are the best labs for the whole array of prevention programs.

Chairman FORD. Thank you, Governor.

The Chair will recognize Mr. Flippo.

Mr. FLIPPO. I just want to thank you, Governor, for an outstanding statement and we appreciate you discussing with us and telling us what you've been doing there in Arkansas and how you view the problems. I share many, many of your views and thank you for your contribution today.

Chairman FORD. Governor, I, too, want to join my colleague and the member of the Ways and Means Committee, Mr. Flippo. Your testimony and your presence today says a lot to this subcommittee while we conduct our investigation to report back to the full committee, or report to the full House of Representatives some legislation that would, in fact, respond to welfare reform with the different components that you've talked about and others throughout this Nation.

Now, as we look at some of the items that you have discussed before this subcommittee, we see indigent care not only as a problem in your State, but as a problem here in Tennessee, and it is also a growing problem throughout this Nation. I'm not sure that we can come up with any innovative solutions to address the problem, from a Federal perspective—and I think you made it very clear—the Federal Government must say to the States, "either we've going to accept that responsibility from a Federal level; if not, we're going to see that the States or local governments accept that responsibility to address the needs of indigent care." But, Governor, we—when we talk about welfare reform, job training, child care, or infant mortality, or teenage pregnancy, or the UP Program, which is unemployed parent, the intact family—which we've heard the President address in his State of the Union Message, when he called for welfare reform with profamily—and I accepted that to mean that he wanted the intact family and some 26 States, Southern States as well as Western States, saw fit not to allow the father to live in the household and still be eligible to receive AFDC payments for the children as well as him being a part of the family unit itself.

Governor, tell me, how should we approach this matter, when we know that we are faced with severe budget restraints in the Congress; we know that we have this administration and our colleagues in the Congress, and knowing that Gramm-Rudman is a real threat to the Nation; that we have not seen what the Supreme Court will do—but faced with $200 billion deficits—and when you talk about the poor in this Nation, there's no one to listen in the Congress.

Although we need welfare reform, there have been those who have said that what we need here is welfare reform but we should not spend additional funds in order to try to address the problem. So I think it's going to be very difficult to address this problem without talking about additional dollars. And I don't mean programs for the sake of having programs that will create an environment, but will, in fact, break the cycle for those who are trapped into the welfare system; that we're going to have to approach it—not looking at dollars—or saying that we're going to address this problem and look at those components that are needed; that welfare some have claimed is the problem. Some have said it's the dead end.

I want to hear from you. How do we address the problem? Do we look at it from a perspective of finances, or what do we look at in the problem?

Governor CLINTON. The progress—as you know, there are no easy answers for the perennial question, and I guess I'll have to give the perennial answer.

The truth is, most of what we do is cheap, compared to a lot of other Federal programs, No. 1. And, No. 2, compared to the alternative, we spend a lot of time talking about productivity in America, and we're so interested in that. But the fact is, you look at the last 5 years. We have some good news and some bad news in the American economy. The good news is 9 million new jobs have been created. The bad news is most of them were low-wage jobs, that 4 out of 10 Americans got poorer, for the first time in my lifetime.

And, without exception, every major competitor we have in Europe, and the Japanese, have higher productivity growth rates than we've had in the last 10 years. Why is that? One reason is, America has a very leaky bucket. Our bucket leaks. We've got too many people who have fallen out of the bucket in school dropouts; too many people who have children with their children and never have a chance to become productive members of society; too many people who get hooked on drugs or become victims of alcohol abuse.

We have a highly inefficient system. Too many people fall out, and I think it has to be looked at in those terms. We don't have to give unconditional welfare programs. You can even stiffen, as I suggested, the work participation requirements. But we have to—in order to work, in order to really break the cycle of welfare—you know, we'll always have to have welfare programs because if we had a perfect economy, there would be ups and downs and people would fall out of the job market and need public assistance.

What bothers everyone is, it has become a permanent condition of life rather than a temporary respite, and so on. It just seems to me that you have to say that if we're going to have a sensible aggressive economic policy, which is really progrowth, and an essential component of that is making sure everybody can participate. And then I think you ask your questions and get your answers in that way. And second, if you look at the cost and measure the benefits, most of these things will wind up reducing tax dollars. You'd have fewer of them in jail, fewer of them in alcoholic/drug abuse clinics, fewer of them on welfare. It seems to me that you can show where the numbers work out.

Chairman FORD. So, in the short run, if we have to spend additional dollars to address the problem—to sort of break the cycle and make those recipients independent of the system in future years, is that we should not take into consideration that, while we can't address the problem today because we would spend additional dollars in the first 4 or 5 years of the program——

Governor CLINTON. If you all make the same argument that President Reagan made about the defense budget. He was right in what he said, "well, the real defense spending has been declining for years. and even Jimmy Carter said we had to increase real defense spending. We're going to bring it back to 6 percent of the GNP." Which is a sort of minimum, threshold level. You look at these programs, and you can show that real spending in some of those areas has been declining for years. The problems are increasing, and that it presents a threat to the security of this country. It seems to me that we have increasing numbers of poor people; that we're having generation after generation of children being raised to have no hope, and winding up being wards of society or problems of society instead of having decent strong lives.

So I think that the criticism, the valid criticism of our social programs has been that they didn't work. Not that we spent money on them. So, what I'm suggesting is we'd now know how to make some of these programs work. We know how to put together the welfare work program. And it works.

We had, in 1983, when I became Governor, the unemployment rate was about 11 percent on an annual basis. And still, we were able to put a lot of these welfare recipients in jobs with huge structural unemployment. So I would ask that—the flip side of the question. Can you afford not to do it?

We see all these—the national televisions now on the demise of the black family. We know that there are things which can be done to help, and we know that the teenage pregnancy rate, in fact, is rising among white teenagers and slightly dropping among black teenagers, so it's not a racial issue. It really is largely an income, job, education issue. Can you afford not to do it? I think not.

You can't make me believe that one of the reasons for our productivity problem—if you want to just take a coldblooded economic analysis—is that we have so many people who don't participate in the mainstream of education and work and life.

Chairman FORD. Governor, if we were to enact a comprehensive work, education, and training program for the AFDC recipients, and when we look at the program, the ET program in Massachusetts and look at some of the other programs that are already in place, should participation be required? Or voluntary?

Governor CLINTON. I think it should be required.

Chairman **Ford**. Should we leave it as an option to the States? Maybe Arkansas would have—should mandate the program, or should we leave it up to certain States to implement their own work, education, and training opportunities and leave it to the States as to whether or not they require recipients to participate, or leave it on a voluntary basis?

Now, see, the ET program is a voluntary program, and they've had a success story to tell. There have been some States who've testified and said we would like for it to be required; there are others who have said that we have had strong participation on a voluntary basis.

Governor **Clinton**. Well, let's discuss it as candidly as we can. We know, that notwithstanding what some people say—most people on welfare would rather work. All evidence is, that given the option and the ability, most people would rather work. Some people, the minority, would not. Politically, I think it's better to require people to participate in it, because what you're trying to do is break the cycle and, if somewhere along the line, almost 100 percent of the people would rather work once they realized what the options are and what their capacity as people is. In Massachusetts, they haven't had to make it mandatory because the unemployment rate in Massachusetts is almost statistically zero. It's booming. And so this is a labor shortage. The largest section in the Boston Globe every Sunday is the help wanted section, and I don't mean to minimize the integrity of the program—it's a very well run program—I'm just talking about the voluntary nature now. In other words, the wage levels were sufficient for those jobs and demand for people was sufficient so that people understood that they had a real pressing possibility.

In States with higher unemployment rates, a lot of people believe correctly that even if they participate in the program, they may not find a job. That might discourage the participation in the program. That would be a big mistake. Because what we do is to teach people how to get jobs, how to become employees, so that even if they don't find a job immediately—because of high levels of unemployment—they're still far better off over the long run in their lives.

And so I strongly believe that you should require each State to have a work program which requires all welfare recipients to participate.

And at least in the training and enabling portions you can't control, the economy will control to some extent whether the jobs are there at the end of it immediately.

Chairman **Ford**. You see, the program in Arkansas is very attractive because you focus on education. And when we look at AFDC recipients, we know that one of the big problems here is the lack of that high school education or something equivalent to the high school education. And with two-thirds of the recipients on welfare who are children, I think we have to continue to stress education, and it will fall in place.

At least at some point you will break the cycle. We know that those who are high school dropouts, or those who drop out before the completion of a high school education, oftentimes you will find them ending up on the welfare rolls. The same is true with the teenage pregnancy problem that we're faced with. We needed the teenage pregnancy pilot program in place.

First, is that we know that, you know, the young ladies who are under the age of 15, who will drop out of school, and the real problem that we're faced with is the multiple pregnancies that take place if they don't return to high school to complete that high school education.

And I think Arkansas has stressed education. It is an area that we want to say a majority of the recipients on welfare—if we have a strong component in a welfare reform package—in talking about and stressing, you know, the high school diploma, that we feel a lot of it will take care of itself. If we focused directly on making it a requirement for participation, are we really going after the parents, or are we trying to address the problem of the children who are also recipients and making sure that they receive that basic high school education?

Governor CLINTON. One of the things we have to do—the whole question of whether the economy will absorb this—you know, macroeconomic policy and all that or what the States are doing on their own—putting those aside.

One of the things we're trying to do is take a class of people, many of them—as you pointed out—themselves are still children, but are parents—and give them the power to function as whole human beings. And it seems to me, therefore, that anything you can do to increase their capacity to learn, their education, to increase their capacity to work, to increase their capacity to be parents.

All those three things are good. What you've basically got to take—we're dealing with people, for some reason, who got short-circuited in life. Something happened; 99 percent of the people who are on welfare are capable of functioning in a higher level and of being more productive. Most of them are. And something short-circuited their development. Whether it was their fault or somebody else's or everybody else's fault becomes largely irrelevant.

What I'm suggesting is, you have to have—you have to make the continuation, at least in part, only a part of what the State—how the State relates to those people. I think it's very important. One of the things that we're looking at now, and we hope someday that we'll be able to finance if we ever start getting the tax revenue in Arkansas again, is preschool education which involves the parent as well as the child. And I want to add, one of the most impressive preschool programs in the world is the one that's running in Israel where it was devised for poor, Jewish immigrants who came to a culture which was far more educated, which involves the education of the parent at the same time as the preschooler is being educated, and it has the parent involved in a very fundamental way.

Anything you can do—anything you can do—to increase the capacity of someone who's trapped in welfare, the capacity for work, the capacity for learning, the capacity for self-respect, for discipline—the empowering of the person, I think, is absolutely critical. I think that—if you're going to give people cash benefits—you have to require that they participate in the programs. You can't exactly require them to work if the job's not there, but you can say, "you have to be in an education program, you have to be in a work-learning program, you have to do these other things," because that's your only way out.

Chairman **Ford**. Governor, thank you very much, and this subcommittee will be monitoring the Arkansas program very closely, as we take into consideration any type of markup of a welfare reform package. Thank you very much for your presence and your testimony and your response to questions. Thank you, Governor.

We will call the next panel before the subcommittee. We're delighted to have our own commissioner of health and human services with us today, and we ask that she would come this way, Marguerite Sallee, the commissioner of the Tennessee Department of Human Services.

We also have the commissioner of the Alabama Department of Pensions and Security, Gwendolyn Williams.

And Mary Louise Chambers, who is director of the Shelby County Department of Human Services here in Memphis.

Mr. **Flippo**. We are delighted to have each of you here. I don't suppose one can take any more relevant testimony than those really running these programs and meeting the needs on the State level. Your views are very important to us.

Our chairman will rejoin us momentarily. In the meantime, I think we would like to go ahead with our testimony. I'm particularly pleased to see my State of Alabama well represented here today, as well as along with the other States, and I believe in accordance with the chairman's suggestion, perhaps we could have your testimony at this time.

Gwendolyn.

STATEMENT OF GWENDOLYN H. WILLIAMS, COMMISSIONER, ALABAMA DEPARTMENT OF HUMAN RESOURCES

Ms. **Williams**. Well, I appreciate very much, gentlemen, the opportunity to represent the State of Alabama at this hearing.

Mr. **Flippo**. If you don't mind, would you pull that mike a little closer. Thank you.

Ms. **Williams**. Yes, is that better?

Mr. **Flippo**. Much better.

Ms. **Williams**. I very much appreciate the opportunity to represent the State of Alabama at this hearing.

In general, my statements will reflect the obvious fact that there is great poverty in Alabama, particularly among blacks. I will also contend that the current antipoverty programs, which include financial, medical, and food assistance, along with a host of social services, are not having a decisive, positive impact on the elimination of poverty in our State. These myriad programs, created and administered with the best of intentions, may be creating the opposite effect—the effect of binding large segments of the population to long periods of dependency. The current welfare system may be sustaining poverty rather than alleviating it.

Measured by most economic yardsticks, Alabama is a very poor State. Primarily because we are a poor State with a poor tax base, our ADC payments are traditionally among the very lowest in the Nation. Our average monthly payment is about $114 for a family of three. The State has not increased payments in a decade. While I am not particularly proud of this fact, it is one based on fiscal necessity.

I'm sure by now that you've learned through the Lowell Galloway and Richard Vedder study released earlier this year, the 10 lowest-paying ADC States—all but one of which is Southern—showed the greatest drop in poverty between 1969 and 1979. Alabama was one of these States. The study further shows that, of the 10 highest paying ADC States, 6 showed increases in the poverty rates. This study does not take into account all factors, but it does seem to indicate, beyond much room for doubt, that large expenditures on public assistance is not the cure to poverty in this country.

While we paid among the lowest ADC benefits in the Nation, the percentage of families living in poverty in Alabama dropped from about 21 percent in 1970 to about 15 percent in 1980, according to national census figures. In some of the State's poorest counties, the improvement was even greater. In 1970, seven Alabama counties—all in the Black Belt—had more than 40 percent of its families living in poverty. By 1980, there was none. In Greene County, a Black Belt county that has long been one of the poorest in the Nation, the poverty level dropped from nearly 54 percent to just over 36 percent during the 1970's. All of Alabama's 67 counties showed a drop in poverty. The Black Belt, by the way, which Mr. Flippo, I'm sure you are aware, received its name originally because of the rich, black soil in this cotton-growing area. However, it's currently the poorest region in the State, with one of the highest percentages of black population.

It is no coincidence that the poor Black Belt counties have high rates of illegitimate births. In Alabama, more than 88 percent of children born to black teenage mothers are born out of wedlock. I want to repeat that figure again. More than 88 percent of children born to black teenage mothers are born out of wedlock. Less than 22 percent of babies born to white teenagers in Alabama are out of wedlock. A child born to an unmarried teenage mother is very likely to become dependent on public assistance. A Time magazine feature published in December stated that 82 percent of girls who give birth at 15 years old or younger, were themselves daughters of teenage girls. Only half of teenage mothers finish high school. If poverty has roots, one has to be teenage births, and the numbers indicate that the problem is much more crucial in Alabama among blacks than among whites.

Teenage pregnancy is also a very expensive health problem. About 25 percent of all low birthweight babies in Alabama are born to teenagers. These low birthweight babies are much more likely to have health problems, including mental retardation, that requires years or even a lifetime of treatment.

Both infant mortality and low birthweight births are roughly twice as common in Alabama among blacks as among whites. This is an obvious problem. The solution, however, may not be so obvious.

A recent analysis of infant mortality, conducted by the Alabama Medicaid Agency this past May, indicates a very surprising finding. A very weak correlation was found between infant mortality and access to prenatal care. What was found, was a high correlation existing between infant mortality and births to teenagers. Births to unwed mothers, underweight births, and births to blacks. In other words, according to this analysis, lack of access to prenatal care may not be a major factor in infant mortality. Rather, being black and being a teenager seems to be the major factor. The results of this analysis does not mean that we should deemphasize prenatal care, but it does indicate a need for more exhaustive studies of the teenage pregnancy problem and the identification of some solutions.

Young women, particularly those in economically poor environments, may feel that they have little to lose by having children out of wedlock—at least in the short run. Although the current welfare system prevents recipients from ever achieving close to that which we would call prosperity, it does provide a standard of living that is comparable to, and can possibly exceed, that of working mothers at full-time minimum wage jobs.

In Alabama, a mother with two children receives ADC benefits of $118 a month. One of the lowest in the Nation. She also receives 222 dollars' worth of food stamps. The family is also eligible for Medicaid, the value of which in Alabama is approximately $130 a month. This amounts to benefits of $466 a month. If the mother works full time at minimum wage, she'll make $540, before taxes. Access to various social programs varies greatly from county to county in Alabama. However, if the ADC mother had access to all available programs—including subsidized housing and transportation, energy assistance, school lunches, day care, WIC, Head Start, and others—the value of the services she could receive could easily exceed $1,000 per month, or about twice what she would receive with a minimum wage job with no benefits. Please remember that Alabama's ADC payments are among the lowest in the Nation. In most States, ADC mothers fare better.

This network of benefits and services provides ADC mothers with a feeling of security and acts as a disincentive to enter the work force. It would take great courage for a single mother with a sickly child to leave ADC and Medicaid and go to work at a fast food restaurant. The job would pay a minimum wage, and she would probably get no health insurance. If I were in her shoes, I'm not sure I would go to work either.

Please understand that the current situation is not the fault of ADC recipients. It is the fault of the system, and this system needs revision. In order to be successful, any revision of the welfare system must accommodate two-parent households. If we can be certain that the current welfare system is accomplishing anything, it is the breakup of the American family. ADC mothers have a strong disincentive to live with the father of their children. To do so would negate all their benefits. Welfare revision must also include adequate day care. An ADC mother has little opportunity to work or obtain good job training if she does not have a place to keep her children. Paying for it herself would be prohibitively expensive. Ironically, in Alabama, because of the Federal cuts that we anticipate in our title XX service block grant, we expect next fiscal year that we will probably be forced to eliminate or greatly reduce our day care program. Day care is one of the few programs we administer that is not currently mandated by Federal or State Governments.

I'm not advocating the elimination, in the near future, of any program upon which poor people are now dependent for either food, health care, or basic necessities. The abrupt elimination or curtailment of these programs would have a catastrophic impact on families and individuals. For many Alabama citizens, there are no immediate alternatives to Government programs. Many people—children, the handicapped, the elderly, and the chronically unemployed—are truly dependent and need our assistance to survive. Those who need a temporary helping hand also deserve assistance. However, as I have indicated, our existing system of social programs is in dire need of overhaul. Two basic goals of my department are to keep families intact, if at all possible, and to make individuals and families as independent as possible. Our current system of public assistance programs, in my opinion as well as that of other knowledgeable people, is accomplishing just the opposite. These programs, developed and administered with a sense of compassion, may in fact be doing great harm—not only to current recipients—but also to future generations who will grow up in an atmosphere of dependency.

The workable system that I envision would meet the basic needs of those unable to help themselves, but it would not reward the breakup of families. It would not encourage the bearing of children by adolescent girls. It would not create multiple generations of dependent families. The new system, on the other hand, must encourage and reward independence of public assistance. True economic independence means jobs in the private sector. Workfare in its current forms is experimental in nature and consist in many cases of makework projects in the public sector, such as janitorial and unskilled office work. Alabama currently has pilot workfare projects in some counties. The jury is still out as to its effectiveness. Right now, requiring people to work for their ADC checks is more costly to us in terms of administration than it is to simply issue the checks. True, there have been happy stories of workfare clients leaving the ADC system for unsubsidized employment in the private sector. However, these stories are all too rare. The jobs these workfare graduates go on to are generally the least skilled and lowest paying jobs. Too often, these bottom-of-the-ladder jobs with little hope of advancement are not attractive enough to lure clients away from the security of ADC and its accompanying programs.

Any successful job program will have to include realistic, effective training; training that can get people jobs in the private sector. The jobs they get must offer at least a hope of advancement beyond subsistence employment or there is a strong possibility that they will fall back into the ADC system. Perhaps most importantly, mothers on ADC must have access to child care. Any work or training program will be futile without sufficient child care.

Alabama has adopted a work training program originally developed in the State of Massachusetts. We call it Project Independence. Operating as a pilot project in two counties, Project Independence helps ADC mothers learn basic work habits and social skills that are required in the private sector job market. This is accomplished through the development of a coalition involving all sectors of the community. Its goals are to provide meaningful training with long-term job opportunities in their communities. The potential for long-term success for programs like Project Independence appears greater than that of Workfare, which many clients view—with some valid reason—as punitive. Unfortunately, experimental programs like Project Independence require funding and adequate staffing. Alabama, like many other States, is currently faced with reducing programs rather than adding additional ones. Maintaining basic programs during the next fiscal year will be difficult enough. Because of financial restrictions, innovative programs like Project Independence must take a low priority.

An obvious limiting factor in job training is the availability of jobs in Alabama. Greene County is one of the poorest counties in the Nation. Industry in this county is almost nonexistent. In a county where there are no jobs available, job training is useless.

Another limiting factor in rural Alabama, as in the rest of the rural South, is the lack of transportation. Few welfare recipients have their own cars. Without some provision for transportation to and from training or work sites, job training will fail.

Most importantly, any successful job training program must be tailored to the people for whom it is intended. The needs of an urban, industralized community in Michigan may be entirely different from those of a rural agricultural community in south Alabama or south Mississippi. General solutions to problems will not work. States should be given the leeway to develop solutions that will meet the peculiar needs of their own people. With few exceptions, people would rather have meaningful jobs than be dependent upon public assistance. Despite the security of the welfare system, recipients know the system offers a hopeless future. To train people for meaningful jobs, the private sector must be involved. I do not believe that government agencies alone can develop successful programs, and the only valid measure of success of a job program is getting people jobs.

Finally, in addressing poverty in the South, one must give attention to the growing segment of the poor, the elderly.

Changes are also needed in the programs that benefit the elderly and disabled. Currently, the Federal Government requires States to maintain cash assistance, supplementary programs at current levels when increases are made in SSI and Social Security payments. This is known as the maintenance-of-effort requirement.

In Alabama, these supplementation payments average less than than $60 a month. We plan to seek a change in the Social Security Act that will allow us to substitute services in lieu of supplemental payments. Instead of a not very significant monthly check, we would be able to substitute services, such as adult foster care or homemaker services, that would enhance the lives of elderly or disabled adults. These services would also reduce the potential need for institutional care, care which would be much more costly for taxpayers and usually much less palatable for the adult. In order to provide necessary assistance to the people who need it, particularly in light of funding reductions, States need more flexibility in the administration of their programs.

We have an opportunity to seek alternative methods of dealing with many of the burgeoning social service needs of a rapidly growing segment of the poor, that being our elderly, if we act now.

I appreciate this opportunity to address Alabama's needs to this subcommittee. Thank you.

Chairman **Ford**. Thank you, Commissioner.

Now we will hear from our own commissioner here in Tennessee.

STATEMENT OF MARGUERITE W. SALLEE, COMMISSIONER, TENNESSEE DEPARTMENT OF HUMAN SERVICES

Ms. **Sallee**. Thank you. Chairman Ford and Congressman Flippo, and other distinguished persons in the audience, I am Marguerite Sallee, commissioner of Tennessee's Department of Human Services. It is my pleasure to be with you today to testify on behalf of our vulnerable families and children. The number of children in poverty is growing, and their needs are great.

We are fortunate in Tennessee to have many able leaders who are interested in addressing those needs and we are particularly pleased, Chairman Ford, to have your leadership at the national level on behalf of families and children in poverty.

Governor Alexander, as well, has developed major initiatives in the areas of jobs, healthy children, better schools, youth, alcohol and drug abuse, as well as day care. And as chairman of the National Governors' Association he has recently organized a special task force on welfare reform, which Governor Clinton will cochair.

Honey Alexander, our first lady, has provided counsel and leadership on many of these efforts and has also been instrumental in advocating for family life education in Tennessee's schools.

Our State senator, John Ford, is chairman of Tennessee's Senate General Welfare Committee, and Senator Ford sponsored State AFDC reform legislation that passed this year. The new law gives AFDC recipients incentive to work by enabling them to keep their grant payment as well as their earnings until the total equals the standard of need. It is perhaps the most significant piece of social legislation in Tennessee in several years. And I think there are some potential lessons for Federal reform in what we try to do here in Tennessee, that perhaps we could discuss later.

State Representative Lois DeBerry, also from Memphis, has provided leadership as chair of the Tennessee Legislative Task Force on Teen Pregnancy which is making good progress in educating the public on the importance of this issue, and in identifying ways to address the problem of children having children in Tennessee.

Today I would first like to share with you some of my concerns related to children in poverty in Tennessee, and then I will offer some recommendations for your consideration on the importance of working to prevent the need for welfare as well as better serving those who do need us. We must do all we can to break the cycle of poverty, support families, and promote self-sufficiency.

The needs of vulnerable families and children are great, and there are many who need us. The department of human services serves almost a million Tennesseans each month.

We have 4,000 children in our custody, and half a million people are receiving food stamps. Ten percent of Tennessee's children depend on AFDC to have their basic needs met.

But I think of greater significance is the number of people who need us that we are not able to serve. AFDC serves only 20 percent of Tennesseans who are living below poverty. For those we do serve, it is important that we dispell the myths that many people believe about people on welfare.

For example, in Tennessee, the average AFDC family consists of three people: a 30-year-old mother with two children, and I hope this fact will dispell the myth that most welfare clients are women who keep having more children to get more welfare money.

Seventy percent of AFDC children are 12 years or younger. And I think young children are particularly vulnerable and helpless, and deserve our support.

Over 61 percent of families received assistance for less than 3 years. This fact dispells the myth that once on welfare, always on welfare. In fact, I think, the typical family needs us in time of crisis and comes~~, off of pu~~blic assistance in less than a year.

Eighty-two percent do not even own a car, and 42 percent do not have a telephone. And I certainly hope this disproves the popular myth of the "welfare Cadillac."

And then, of course, as you've heard from all contributors today, a major problem with the crisis to children in poverty is the problem of teen pregnancy, and we are particularly concerned about the dramatic rise in the number of births to unwed teenagers.

One in every five babies born in Tennessee is born to a teen mother, and there has been a 100-percent increase in out-of-wedlock teen births in the last 15 years. And certainly without a partner for emotional and economic support, the future for the teen mother and her baby is, of course, bleak.

Approximately half of the AFDC rolls, at any given time, consists of families in which the mother had her first child as a teenager, and in Tennessee 80 percent of teen mothers will not finish school.

About two-thirds of teen mothers and their children will receive welfare at some time before the children are 18. And as I said, with no education and too often no father at home, the future is bleak for the teen mothers to have a good job and a strong family. And particularly, I think, teen mothers need day care to be able to finish school, and I'd like to talk about day care.

Day care is essential to all parents trying to work. Our AFDC clients tell us that the service they want most from us is help in finding a good job. And I'd like to support what Governor Clinton said earlier, I really do believe that welfare recipients would rather work.

But over 25 percent have told us that they cannot work due to child care problems. We are concerned about the growing critical need for day care.

Nationally, only 11 percent of all families still fit that traditional mold where the father goes to the work and the mother stays at home to care for the children.

In Tennessee, over 50 percent of mothers with children under 6, and over 60 percent of mothers with school age children, work outside the home. And almost 70 percent of all single mothers are working. In less than 15 years, 80 percent of two-parent families will have both parents working.

And all of these facts tells us that the demand for good, affordable day care is great and will continue to grow. Unfortunately, the availability is not keeping pace with the growing need. We have 1,900 licensed day care providers serving 94,000 children, but there are a million children in Tennessee. Infant and toddler care is available for only 1 in every 5 that need care, and I'm particularly concerned about the almost 100,000 "latch-key" children in Tennessee who care for themselves before and after school while their parents work.

Investing in day care makes good sense. It is essential for parents to be able to work. It is cheaper and a far better use of the public dollar than welfare. And more importantly, good day care can be a positive influence on the child's development during those early, crucial preschool years. Investing in day care means investing in children and in our future. And our children are our most precious resource.

And we are deeply concerned with what all these facts tell us about our vulnerable families and children. But we are especially concerned about the inadequacies of the system, to properly provide for and protect them.

We have a responsibility to protect the vulnerable. We must provide a strong support system to help those who are less fortunate, and we must do all that we can to prevent those at risk from ever needing that support system.

There is much talk these days about welfare reform, and this is good. We must take advantage of this opportunity to do something really significant about our Nation's welfare system. Reform is truly needed.

Many dollars are being spent, but many of those in need are not being served. And those we can reach are not being served as effectively and humanely as we would like.

We have a massive, complex maze of programs and services and yet there are still too many children in poverty; too many latch-key children; too many people without homes; too many families without health insurance; and too many children having children.

Yes, welfare reform is needed, but what is needed as well is welfare prevention. For those who need us, we must deliver services better and in a more humane fashion. And this is at the heart of welfare reform. And for those at risk, we must offer more and better preventive services, and this is at the heart of welfare prevention.

To prevent the need for welfare, every person ideally needs a good job and a strong family. What can we do at the Federal and State levels to ensure those opportunities for all of our fellow citizens?

We need a strong and effective jobs program for those on welfare; we need more and better day care for working parents; we need health care coverage for all families; we need to prevent teen pregnancies and to provide crucial support services for those who are pregnant; and we need to ensure that public assistance is based on family need, not family composition or employment status.

And for those who do need public assistance, we need a more effective and humane service delivery system. To make that possible, we need to work hard to remove administrative, statutory, and regulatory barriers. We must have a client-centered delivery system, not one that revolves around the whims and turf issues of the bureaucracy.

Further may I say, the Federal Government must assume the responsibility for the income security of our indigent families and children. This has been done for the elderly and the disabled, and it is working. The number of elderly and disabled in poverty is decreasing, while the number of families and children in poverty is growing.

In Tennessee we're working hard on many of these critical issues. We have new AFDC legislation that sets up incentives to work. I'd like to see this concept expanded nationally. This might help us to make the money available to intact families.

We have a new jobs program that in 5 short months has placed 1,000 AFDC mothers in full-time jobs. We have a major new day care initiative designed to encourage the development of more and better day care for the children of Tennessee's working parents.

We now have prenatal care in all county health departments; we have maximized Medicaid resources for pregnant women and children, and our infant mortality rate has just reached an historical low.

We now have in Memphis a new teen pregnancy demonstration project. We are working with the teen mothers on AFDC and in foster care to help them finish their education, learn good parenting skills and, most importantly, postpone that second pregnancy.

We are doing a great deal, but there is much more that needs to be done. We pledge our support to you, Congressman Ford and Congressman Flippo, as you provide national leadership on behalf of welfare prevention as well as welfare reform. As Congress struggles with the important task of reducing the Federal deficit, hard choices are being made. Let us consider our Nation's vulnerable families and children as a primary responsibility.

Investing in families and children is an investment in our nation's future. It is a matter of commitment. And it is a commitment which we must make for their future and for ours.

Chairman FORD. Thank you very much, Commissioner.

Now we will hear from the director of the Shelby County Department of Human Services, Mary Louise Chambers.

STATEMENT OF MARY LOUISE CHAMBERS, DIRECTOR, SHELBY COUNTY OFFICE, TENNESSEE DEPARTMENT OF HUMAN SERVICES

Ms. CHAMBERS. Congressman Ford, Congressman Flippo, distinguished members of the Subcommittee on Public Assistance and Unemployment Compensation, my name is Mary Lou Chambers. I am the director of the Shelby County Office of the Tennessee Department of Human Services. I appreciate the opportunity to address you on this most important subject of poverty in the South and ways to break the cycle.

Shelby County currently carries an AFDC caseload of 18,000 households or 45,000 people. We also certify approximately 118,000 people in 40,000 households for food stamps, and 60 percent of those are children. This is one-third of Tennessee's cases and one-fourth of the State's food stamp caseload. We receive an average of

850 AFDC applications per month, with approximately 642, or 75 percent, approved and 208, or 25 percent, rejected. Our food stamp applications run approximately 1,000 per month with an average of 700 approved and 300 rejected.

The major reasons for rejections of family assistance, which includes food stamps and AFDC programs, are 35 percent failure to comply with procedural requirements; 23 percent with excess income—and that usually means those who have more job performance income than anything else; and 21 percent of the applications are withdrawn.

From these statistics, we may conclude that most applications are approved because the applicant has little or no income. Cases are rejected for the most part because the applicant fails to follow through with necessary verification of information or withdraws his/her application. Counselors state that many times this is due to the strict regulatory requirements. The applicant becomes frustrated and decides that "it is just not worth the hassle."

The Shelby County profile coincides very closely with the State of State of Tennessee profile. The typical AFDC family is: a mother and two children; has been receiving assistance for 1 year or less; more than 61 percent have been receiving assistance for less than 3 years; more than 31 percent of the family heads have worked during the past year; and 80 percent have a history of employment.

Of those currently not working, 15 percent are too disabled; almost 23 percent cannot work due to child care problems; and 30 percent have tried but cannot find jobs.

The average monthly grant amount is $125 for a family; less than 23 percent live in public housing and less than 25 percent receive any kind of energy assistance; these children are first generation beneficiaries in two-thirds of the cases; four-fifths of the families have no car; the typical mother has a 10th grade education; two-thirds are not high school graduates; and almost one-fifth have not finished grammar school.

AFDC IN SHELBY COUNTY IN THE FUTURE

It would seem that the future holds more available income for our AFDC clients in that the consolidated needs standard and grant levels have increased, which means more clients may have more cash and still be eligible for AFDC and Medicaid benefits.

Child support bonus checks of up to $50 per month per family are being sent to clients. We appreciate your strong support in this outstanding effort in Shelby County. It is a glowing model of concern and we're very proud of that.

The right-to-work legislation will be implemented in October. This will also give clients more available income from work or child support. But that's not enough. Clients in Shelby County need our strongest and best service to be brought out of poverty. They need jobs and training for jobs; they need to feel success and pride in their lives.

The Unemployed Parent Program would be a way to assist those who are between jobs or in training for employment. Our people need strong educational opportunities and incentives to stay in school. If you can't read an AFDC or food stamp application, it is embarrassing and humiliating to inquire about assistance.

Our AFDC/food stamp mothers need low cost, high quality, safe day care for all of their children—infants, toddlers, before and after school, and for those children who are handicapped.

Clients need services delivered by staff who know their family needs and have time to refer them for whatever individual services are indicated. This would help relieve the stress of today as well as prevent poverty's encroachment and problems.

To give our clients better service, staff would work more efficiently with fewer conflicting regulations and barriers. The verifications process regarding income, bank accounts, property, and others are very confusing and difficult to enforce. Not only from the standpoint of the applicant recipient but also from the standpoint of the staff. Clients simply do not understand the frequently changing policies.

TEEN PARENTING

One of the most serious problems facing us now is the impact of teen pregnancies on the AFDC population in Shelby County. Last year in Memphis and Shelby County, there were a total of 2,271 infants born to teen mothers; 1,574 of these infants were born to teens under 18. Teens accounted for 996 abortions in Shelby County, and 70 percent of the pregnant teens in the Memphis city school system were pregnant for the second time within a year.

In an attempt to develop more effective ways to deal with this problem, the Tennessee Department of Human Services is beginning a research project on teen pregnancy in Shelby County. Project R.A.P., Responsible Adolescent Parenting, began in April with a unit of six counselors, an aide and a supervisor. Staff was given to us by the legislature to develop a model program which might be later expanded across the State.

The project is designed for a 3-year statistical followup against a control group. Across the country there have been a number of programs to serve the motivated teen parent. The major emphasis of this project in Shelby County is to serve children in foster care, the teen AFDC applicant/recipient and appropriate child protective service clients.

Because most programs addressing teen pregnancy have not reached this group because they were viewed as being unmotivated and difficult to work with, this population was selected for the research project.

The objectives are as follows: primary prevention of pregnancy for children in Department of Human Services foster care. We have approximately 800 children in foster care in Shelby County, and over 300 of those are teens. Reduction in the number of second teen pregnancies among program participants; reduction in reports of child abuse and neglect among program participants when compared to the control group; reduction in the long-term use of AFDC and food stamps among program participants; and increased community awareness of the problem and encourage community activities designed to alleviate the problem.

Participants will be involved in weekly group sessions with a focus on such subjects as family planning, infant stimulation, nutrition, health care, family problems and preparation for independent living. There will be specialized group activities for teen fathers.

The 300 teens in Shelby County foster care will receive family life education in the group setting, using the teen pregnancy segment from the Kids on the Block puppet show, videos, discussion groups, interspersed with fun activities. We will use 10 large groupings of foster care teens with smaller subgroups according to age.

Research has shown that most teens do not know what services are available or how to take advantage of those services. We intend to inform them of community resources and expose them to the real world through a wide range of positive experiences. We have found they have no career goals and believe a high school diploma is unattainable. Some believe they need their own baby to love. We want to show them there are choices to be made with their lives and having children can be delayed. They need not follow in the footsteps of their mothers and sisters.

Outreach is being designed to increase community awareness of the problem of teen pregnancy, to encourage community participation in the project and to assist groups developing related programs.

An advisory council of outstanding community leaders has been formed to give input and guidance in the implementation of this program. The list of these council members is attached. We have been very appreciative of your interest, Congressman Ford, by being on this council.

With exceptional cooperation from Memphis city schools, we have formed Teen Mom groups at Sherwood Junior High, Georgian Hills Junior High, and Mitchell Road High School. We plan six more groups for this fall. The groups are convened after school with transportation provided. We have been more successful with the younger teens in junior high school. There are some exceptions such as a junior in high school with one 22-month-old child. Her husband has left her and her family is not a resource. She is a good student, and we feel with our help and the volunteer support, she will finish school and be a productive citizen.

Memphis is willing and eager to give services to this program. Federal Express has indicated an interest in underwriting our foster care groups this summer.

The Junior League, Women in Radio, the Health Department and Planned Parenthood also are contributing their expertise. Memphis State University later this month will convene a seminar for all community agencies with an interest in teen pregnancy in an effort to prevent duplication and to encourage close planning.

We expect to have a strong role as Memphis develops programs, to increase awareness of the impact of teen pregnancy, and to encourage community participation in teen projects and thus to reduce the incidence and repercussions.

Thank you, Congressman Ford, Congressman Flippo, for this extraordinary opportunity to address you. We appreciate your valuable assistance and interest in developing programs which can break the grip of poverty throughout the Nation and, in particular, Shelby County.

Chairman FORD. Thank you, very much, and thank all three of the witnesses on the panel for your testimony.

[An attachment to the prepared statement follows:]

STUDIES BY: Patrick Sweeney, MD
Associate Professor
Dept. of OB & GYN
U.T. College of Medicine

Summary - Teen Father Studies

Study #1 - A Study of Low Socioeconomic Status, Black Teenage Fathers and Their Nonfather Peers.

Compared 100 fathers with 100 age-matched, nonfather peers

Mean age 17.5 (range 14-19)

Mean age at first sexual intercourse 12.5 (no diffrence)

No diffrence in knowledge of pregnancy or contraception. Although 92% felt that birth control needed to be used even if sex occurred only occasionally, nearly half felt that birth control was ineffective and that the girl would get pregnant anyway.

More nonfathers perceived pregnancy as disruptive of their future plans for school, job, and marriage

Teenage fathers were more likely to have mothers who had been teenage parents

In both groups, 1/3 of their brothers and 44% of their sisters were teenage parents

Study # 2 - Teen Fathers : After the Child is Born

This study was a follow-up to the previous one, and utilized the same two groups of fathers and nonfathers. It explored the changes in the lives of these teenage males at 9 and 18 months after the birth (or, in the nonfather group, after the initial interview). We were interested in the possible consequences of teenage pregnancy on the male.

Common stereotype is that the teenage male is not involved in the parenting process

Little information is available concerning actual involvement of teen fathers with their children or concerning the emotional problems premature parenthood might pose for the males.

Initial study looked at "perceived" consequences of teen parenthood; this study examined "actual" consequences

67 fathers and 77 nonfathers completed both follow-up interviews (9 and 18 months)

At 18 months, the fathers were more likely to have established a household, and fewer fathers were in school

STUDIES BY: Patrick Sweeney, MD
Associate Professor
Dept. of OB & GYN
U.T. College of Medicine

None of the fathers had dropped out of school due to the pregnancy, but two had left school because of the child subsequent to its birth

Only 1 father at 9 months (and 3 at 18 months) had no contact with the mother of his child

Five of the fathers had married the mothers; an additional 10 stated they planned marriage in the next 9-12 months. None of the original control group was married or planned marriage in the next year. ($p<.001$)

Frequency of contact prenatally was predictive of frequency of contact 9 and 18 months postpartum. Duration of the relationship prior to the pregnancy appeared unrelated.

The percentage of fathers having sexual relations with someone other than the mother of their child increased significantly over the follow-up period from 33% prenatally to 45% at 9 months and 52% at 18 months

Most common reason for not living with the mother was financial; other reasons were that the males considered themselves too young, the girl's parents were against it, they were still in school, or there were problems with the relationship

95% of the males reported they contributed financially to the care of the child; most provided less than $25/week, but 19% provided more than $50/week at 18 months

Only 15% attended prental classes; 61% were present for at least some of the labor, and 27% were present for the delivery

88% visited their child in the nursery; 53% of the children carried the father's last name

At both 9 and 18 months, 84% of the children lived with their single mothers; 11% of the males lived with the child, and another 25-36% saw the child daily

When the fathers did see their children, 44% spent all day, 31% spent 4-7 hours; fathers participated in diapering, feeding, and playing with the child; also took the child out and spent time alone with the child.

Both groups had poor knowledge of child development and had unrealistic expectations at early ages; also demonstrated relatively "punitive" measures of discipline. Combination perhaps conducive to child abuse.

Stresses felt by the fathers: financial difficulties, unemployment, not enough time with the child, and problems with the child's mother.

Services the teen fathers felt were most needed: job training, counseling, and education in child care

Most stated that they gained a large amount of gratification from being a parent, but 2/3 said they did not want further children, and 45% reported they often wished they were not parents.

TEEN PREGNANCY: THE FACTS

The United States leads nearly all other developed nations of the world in teen pregnancy:

There are 96 pregnancies per every 1,000 girls aged 15 to 19---more than double the next highest rate of 45 per 1,000 in England.

This problem crosses all racial and economic lines. The rate for white teens alone is 83 per 1,000.

In the last decade, the birth rate of unwed white teens rose 27%.

Last year in Tennessee, there were 16,424 teen pregnancies. That means about 45 teens became pregnant every day--almost two every hour.

Of the 16,424 teen pregnancies, 11,268 (68.6%) resulted in live birth, 106 (0.6%) in total deaths and 5,050 (30.7%) in abortions.

Of those total pregnancies, 6,545 were to girls under 18 years of age.

Teens accounted for one of every five pregnancies in the state.

Last year the statistics were just as alarming for Memphis and Shelby County.

There were a total of 2,271 infants born to teen mothers.

1,574 of these infants were born to teens under 18.

Teens accounted for 996 abortions.

70% of the pregnant teens in the Memphis City Schools system were pregnant for the second time within a year-

Teen pregnancy has always been a problem, but the devastating social and economic consequences associated with teen pregnancy are increasing. For instance:

Babies born to teenagers are two to three times more likely to die in their first year of life than babies born to women in their 20s.

Unwanted teenage pregnancies are associated with serious health consequences. These include a greater incidence of premature and low birth weight babies, mental retardation, infant and maternal mortality, and physical or emotional neglect and abuse.

Half of all teen mothers raise their children as single parents, facing almost certain poverty.

80% of pregnant teens 17 and under never finish high school making it extremely hard to find a good job.

Those who become fathers before age 18 are about 40% less likely to graduate from high school, and among high school dropouts, only 1 in 5 is employed.

The suicide rate is seven times higher among pregnant teens.

Teen mothers are more likely to be child abusers.

Of those teenagers who bear a child, 25% will become pregnant again within a year.

Teen marriages are two to three times more likely to end in divorce.

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DAY CARE FACT SHEET
MEMPHIS/SHELBY COUNTY

- Affordable high quality child care is the combined responsibility of parents, providers, employers, and federal and state governments.

- Census for 1980 shows 63,762 children ages 0 to 4 years. Tennessee Department of Health and Environment projects 69,783 children ages 0 to 4 by 1990. This is an increase of 6,021 children or 9.4%.

Types of Approved/Licensed Day Care	Number of Facilities	Available Space
Family Day Homes	48	183
Group Day Homes	2	21
Day Care Centers	279	22,277
Total	329	22,481

ACCESS TO DAY CARE IN SHELBY COUNTY:

Type of Day Care	Number of Facilities	Available Spaces	Enrollment	Weekly Fees
Infant/Toddlers Care	37	575	100%	$27.50-80
Before/After School Care	82	5,204	80%	25.00
18-24 Hour Care (night care)	7	637	47%	40.00-50
Day Care for Handicapped	10	339	100%	80.00-116
Day Care for Low Income Family	28	2,159	100%	48.75
Family Day Homes for Low Income Family	91	364	97%	27.50
Before/After School for Low Income Family	11	1,255	78%	13.75
Head Start Center	12	994	100%	

DEPARTMENT OF HUMAN SERVICES PURCHASED DAY CARE:

Day care is provided by the Department under two programs: The Vendor Payment Program and The Social Service Block Grants:

A. Vendor Day Care contracts with private day care agencies to provide child care for families meeting one of the three qualifying categories:

1. Child Protective Services (WRI)
2. Income Eligible
3. School/Training

Shelby County Department of Human Services has been allotted 801 day care spaces for its vendor program. The enrollment rate is 100%. The waiting list, dating back to 8/81, contains 739 names of working parents and 2,015 names of parents desiring school/training opportunities.

B. Social Services Block Grant (Title XX) funds day care centers providing care for children whose parents are below the state established income level. In Shelby County, these centers are sponsored by Community Day Care - Comprehensive Social Services Association (CDC-CSSA) and by the Memphis Housing Authority (M.H.A.).

I. MOST COMMON AREAS OF DEFFICIENCY

A. Adult/Child ratio - Required:

1 staff to 5 children - 6 weeks to 15 months
1 to 8 - 15 months-36 months
1 to 10 - 3 years
1 to 15 - 4 years

B. Record Keeping - Required:

1. Staff - Physical, including negative TB skin test
Background information
High school graduate or above
3 recorded references

DAY CARE FACT SHEET
MEMPHIS/SHELBY COUNTY

2. Children - Health records
   Permission for emergency medical care.

C. Equipment - Should be:

Sufficient to provide for quiet and active play needs of all children. Must be safe and clean as outlined in Appendix D and Appendix K of the standards.

D. Nutrition:

Meals and snacks must be planned with consideration of the total daily nutritional needs of children according to the length of time he is in center, i.e.,

3 hours in center - 1 meal or supplement
5 hours - 1 meal and 1 supplement
7 hours - 1 meal and 2 supplements

II. WHAT WOULD IMPROVE QUALITY OF DAY CARE

A. Reduce staff turnover by:

1. Hiring more qualified staff
2. Providing training
3. Better pay
4. Reducing work load

B. Curriculum:

The programs need to be planned to provide activities appropriate to the developmental needs of the children, flexible enough to meet individual needs, and enough regularity to provide security. Parental involvement should be a part of the program.

III. MOTHER'S DAY OUT PROGRAMS

As many as 50% of the churches may be providing this service. It is a needed service, and generally a good service, but there are no state controls for adult/child ratio.

IV. There is an average of 3 reports weekly in Shelby County of independent family day homes keeping more that 4 children in their private home, which constitutes an illegal day care operation. Most of the reports are substantiated.

Chairman **Ford**. You know, we in the South are faced with unique problems and I think that has been very well said in the testimony that the subcommittee has received from the two commissioners. And as we really try to define what role or what the subcommittee will respond to as it relates to a welfare reform package, I would have to say that the Southern States and those States that have not adopted the option of—or opted out—for the unemployed parent intact family piece, it's very difficult. And we heard Governor Clinton talk about the cost factors that are involved.

I'm not sure, though, that we can really address many of the issues in welfare reform or trying to say to the welfare recipients—and we know only 50 percent of those who are welfare recipients stay on for a period of 2 years, and half of the 50 percent come off within the first year—but if we're going to break the cycle, if we're going to ever make those who are recipients from one generation to another, we're going to have to do it, I guess, in a fashion that it will probably cost us more money.

How can we, from the Federal level, gain strong support, not only from Southern States, but States from the West. There are 26 States without the UP provision and there have been those that have made arguments that the intact family is not in place when the father is not eligible to live in the household to receive the AFDC benefits, but without the UP component, I think it would be very difficult to have welfare reform.

I'm not sure that the Federal Government will be able to say that we will address all of the financial needs of this welfare reform package. I'm almost certain that it will take Southern States—all States in this Nation—to be very supportive of a strong welfare, comprehensive welfare reform package—and how do we address it? Our AFDC payments are very low payments. Tennessee and Alabama, and not excluding some of the other Southern States, but, you know, we're leading the pack for low benefits. When we look at the past 15, 18, 20 years, we will see that if we would take inflation into consideration, I mean, and looked at the disposable income or look at the value of the dollar now for AFDC recipients, we will see that we have lagged way behind.

How do we address this, knowing that Tennessee and Alabama are very poor States? We have not, in the past, had the revenue that was necessary to address many of the problems, but can we afford not to address this problem that's out there today? And, taking all of these other variables into consideration, whether it's the teenage pregnancy problem, indigent care, or will we look at the intact family and see—we have seen over and over again that welfare might be the blame—some have indicated that welfare is the blame for many of these problems that we're faced with.

As chairman of this subcommittee, I'm not ready to make that statement, but it could very well be the dead end for a lot of people who are recipients of welfare. How do we do it—from one southerner to another—and those who are commissioners and those who have been in the forefront of welfare, and those who have been very articulate this morning in describing many of the problems.

Now, how do we put it in its proper perspective? How do we move forward? How do we say to the 26 States, and how do we say to the welfare recipients of this Nation, that we want a welfare reform package that will address the needs of the poor and make them independent of the system itself?

Ms. SALLEE. I certainly agree that reform has to include the intact family and, in informal conversations with Tennessee legislators, I found some reluctance to support the Unemployed Parent Program, but more interest in an intact family provision. So if you remove the unemployment requirement, there begins to be much more interest in helping the truly needy family and keeping the family intact. And this reminds me also of the larger interest that people have nationally. How can we improve the welfare system, how can we support families, and then how are we going to pay for it? If you wait for the States to pick up the difference, you will always find a tremendous discrepancy in what one State can do compared to others. I would really like to underscore what the Governors have been saying, that is, that we need the Federal Government to take responsibility for income security of poor families and children.

They do that for Social Security to take care of the elderly; they do that with SSI to take care of the disabled. Those income security programs are working.

Chairman FORD. Do we attach the health Medicaid benefits with the income security with that?

Ms. SALLEE. I think so.

Chairman FORD. In other words, you think the Federal Government should pick up the indigent care package, I guess that——

Ms. SALLEE. Right now Medicaid is not the answer to the indigent care problem because it is tied to categorical eligibility, which is tightly defined. But if we broaden the eligibility for income assistance to needy families, you therefore broaden Medicaid coverage to needy families as well.

Chairman FORD. But what happens—we're now working under these budget restraints, and some 16.5 percent of the population of the State happens to fall within the indigent area, or almost 800,000 Tennesseans are indigent people?

Ms. SALLEE. I firmly believe that, that's right. There will be more dollars that have to be spent, but it has to be seen as an investment. It has to be seen as short-term expenditure for the long-term return. I also think that a possible way to work toward what we'd like to see could be the model that we've done here in Tennessee.

We recognized that we have low grant payments, but we also wanted to offer an incentive to work. I wonder if you could take the same concept and do something nationally? If you nationalize the benefits standard and the payment standard, and make the payment lower than the standard of need, but let the people keep their payment while they begin to earn money up to the standard of need, then they could hang on to some assistance while they make the transition to independence without losing all of their benefits.

We will not be able to maintain a high payment level nationally if the Federal Government assumes responsibility, but we could maintain a lower payment level, a proper standard of need which should at least be 50 percent of poverty. Let the families keep their payment while they begin to earn money up to the standard of need, and make the basis for need, family need, family resources, not family composition or employment status. I really think we need to move to an intact family program for income security.

Chairman **Ford**. But we still would not pick up all of the indigent people who are there and who are not recipients of AFDC or supplemental security income. I mean, what happens to that other——

Ms. **Sallee**. That's right. I think you're correct. That there will be indigent health care gaps, and I think that there will have to be State initiatives along those lines.

Chairman **Ford**. You know, I'm not completely familiar with the indigent program that was put in place in South Carolina by Governor Riley, who also heads for Governor Alexander the task force that Governor Clinton talked about today. And I'm not familiar with it, but I think it's something similar to a health maintenance program; that the indigent people who are citizens of that State pay according to their income into a program that would, in fact, provide the health services and the health needs to the indigent people of the State of South Carolina.

Now, that would mean that if a person would have zero for income, then his participation would be zero, but the health coverage would still be provided. And we are looking at the South Carolina plan that was implemented by Governor Riley, but will we look at all of the indigent people throughout the Nation? And knowing that we're trying now to bring strong variables within a welfare reform package that will hopefully bring about independence for the recipients on welfare, and to pull those who are trapped into that cycle out of the cycle, I'm not sure if we can look at the Congress and say that we're going to—you know—that we're going to have to address all of the needs.

I think Governor Clinton mentioned and I think we have to send a clear message, and make it very clear to the States, either now we—the Federal Government—will pick up or participate and sponsor the program, or if not, then we must say to the States that this is an area that we are looking to State and local governments to provide indigent care, you know, for the indigent citizens of those States.

Ms. **Sallee**. I think an interesting mix would be if the Federal Government was to take responsibility for the income security part, and the States could work on more of the preventive pieces, and use their own initiative to work on the aspects of welfare prevention that are most needed in their States. That might be a nice mix, federally having the lead for income security, States having the lead for the more preventive side.

Chairman **Ford**. You go right ahead, I'm sorry.

Ms. **Williams**. I would tend to agree with that concept. An interesting thing happened in Alabama this past year, when we received a cut in our title XX social services block grant. We were faced with the elimination of day care, or a substantial reduction in day care, for ADC mothers who had gone to work to get off ADC, and were provided subsidized day care. There was overwhelming support throughout the State for the State picking up those funds, and replacing the loss of Federal dollars to protect that program. I think the State will provide broad-based support for programs that seek to end dependency on the welfare systems and the solutions to the welfare problems. I agree with the prevention programs, but I think that there will continue to be great disparity among the States, particularly in the South where our tax base is very shaky and will continue to be shaky, as we are rural economies and are not industrialized.

To be able to meet what other States are doing in terms of income maintenance. I think that the role of the Federal Government could be very clear cut in income maintenance and let the States work on the prevention programs, on the social services, to enhance getting out of the welfare cycle.

And I think that the States would be able to work in those areas and provide the support. I think that would be nationwide. That is the perception that I've seen.

Chairman **Ford**. You know, one of the problems that we are faced with our colleagues in the Congress, and even the administration at this point, we have not been privy to the policy council's recommendations or what will be recommended by the policy council to the President. But we are concerned with a welfare reform package that will feature work training and education opportunities, and our colleagues and those who are the budget watchdogs are saying, What kind of money are we talking about? Are we going to be able to find the necessary funds to fund a welfare reform package that would bring about work training and education opportunities?"

I don't know the real answer. We certainly don't want to shift any financial burden that would be so severe that Southern States and Western States and those who have not opted out for the intact family piece, we don't want to create any financial problems, but I don't think it's a problem that we're going to be able to address only on the Federal level. I think we're going to have to have participation from States as well as local governments, and know that we are trying now to make the recipients independent of the system itself, and to make sure that we don't have one generation going to another generation and breeding the welfare dependency.

We want to do it in a fashion where we can say that we want to place those recipients within the marketplace; I would agree with Governor Clinton, when he said earlier, that, you know, we might as well face it. Welfare recipients do not want to stay on welfare. They would like to move into the work force. They want to be productive citizens. It's just that we have not been able, under current law, with our welfare system, we have not been able to provide the child care that's needed; we've not had the type of components in place that would address the problem of the teenage pregnancy; we have not had in place all of the benefits, the program, that would address the health care needs and to make sure that the recipients would receive the proper education to complete a high school diploma—if not offering them some type of training skills so they can move into the work force.

And until we bring those ingredients together—and we're not ready to say that that is what will be in a bill, but we want to see how we can best address many of the problems that are out there. That we can say to the recipients, but without the help of Southern and Western States, it will be almost impossible for the Federal Government to fashion a bill that would be accepted by our colleagues on the House floor, as well as the Senate, and the administration.

I would ask for a strong commitment from Tennessee and from Alabama and other States throughout this Nation, that you continue to work with us in the months to come to make sure that we really try to address the needs of the poor and, more so than that, the children of this Nation. With that, I thank you very much.

All right. The Chair will call the last panel. Georgia King, who is a former AFDC recipient here in Memphis.

I have also a Pauline Lewis? What about LaTonya Hobson?

Ms. King, it looks as if your panel of people did not show, so we would be delighted to hear from you at this time, and let me thank you very much for coming out and being with us today. You may proceed.

STATEMENT OF GEORGIA ANN KING, FORMER AFDC RECIPIENT, MEMPHIS, TN

Ms. **King**. Thank you, Congressman Ford and the chairperson of the subcommittee. My name is Georgia Ann King. I am the president and founder of Operation Move Forward that works with the street people in Memphis and the homeless. I'm a volunteer worker for Operation Push, and a member of the Rainbow Coalition which is headed by our national president, Rev. Jessie Jackson

I am a former AFDC recipient——

Chairman **Ford**. How recent? When were you taken off the AFDC roles?

Ms. **King**. Approximately a year or so ago, when my youngest daughter became 18 years old. Is there any particular question that you'd like to ask me?

Chairman **Ford**. No, go right ahead. I just want to know that, but you may proceed.

Ms. **King**. As I said, I am a former AFDC recipient, and years ago, when I first started out with AFDC in the town where I was presently located, I was very fortunate to be on the AFDC, but after a period of time of being on AFDC, I began to run into different situations or relate to them as problems with the caseworkers.

I discovered that they were not too polite. Some were and some were not, and I found that in today's society due to the fact that I work with the grassroot community and I am continuing to work with the AFDC recipients, I find that they are afraid to go into the welfare offices due to the fact of the treatment of the AFDC recipients.

Now, what my organization has come up with is a reform program that we might be able to implement in the grassroots community, which we'll be working in the areas with teenage mothers. I discovered that they do not know what they—or have not been aware of the pregnancy program, which helps a young mother to go to a training program where more or less it takes the fear out of going into the labor room and delivery room. Because I discovered that there were a lot of them that were afraid, even though they had become pregnant, they were still afraid of what might happen to them, based on what someone else had said to them. I also discovered that there were caseworkers that had suggested that abortion procedures would take place in the life of a young mother, which is very damaging to a pregnant young girl, of age 14 or 15 years old. Now, personally speaking, I considered myself at the time that I was on AFDC, I was a very strong person, whereas I find today that there are a lot of AFDC recipients that are not as strong and determined that I was at that particular time.

So, what I decided to do after I began to run into the—patches, I would like to relate to, is that I began to make up in my mind to do things for myself. So I began to sort out different programs that I could feel at liberty to go to. They were programs like—I went to secretarial school which the Government paid for me to go to—which was still manpower at that particular time. I began to think of other things that I wanted to pursue as far as a career.

I began to get into different jobs. I began to sort ways that I could help to reform myself. But I also had to discover ways that I could get in contact with other resources that would be of assistance to me.

So, what I did, I continued to communicate with the welfare office to seek out the different programs that I was entitled to. Again, I have to say while I was strong enough to do it, I ran into situations where women just did not know what to do.

So what we have come up with is a program and agenda where we can help to feed this information into the AFDC mothers, where they would know where to go, what resources to go to. We have also formulated a Young Lads, a group which deals with young boys 10 to 19 years old.

We're getting ready also to implement into our program a Project Hope, which is going to deal with the underprivileged and disadvantaged child where, say, for example at school time of the year we can help with their clothing and other needs in their families.

OK, on the other hand, we are going to implement our program which is going to deal with the young mother and her child, before the child is even born. In other words, we have created an organization which is an outreach to deal with the other resources in Memphis.

In other words, we will be able to come into the community and help to pick up the slack and implement the program which has been handed down from the Government officials. And these are some of the things that I'm doing. I also had the experience of being interviewed by the WIN Program which I discovered years ago in looking in the catalog, there were a lot of job possibilities that I could have gone .

But I found that, I don't know about now, but quite some time ago the WIN Program in Memphis was not too feasible as far as I was concerned. They were interviewing women for the WIN Programs, but there was no followup done no more than if they kept their appointments.

I don't know—I'm trying to think of something else.

Chairman FORD. Let me thank you for that information, but let me pose a couple of questions to you, if you don't mind?

Ms. KING. All right.

Chairman FORD. How long were you an AFDC recipient? How long did you receive welfare?

Ms. **King**. Eighteen years.

Chairman **Ford**. For 18 years. How many children do you have?

Ms. **King**. Two.

Chairman **Ford**. And their ages again? Eighteen and what?

Ms. **King**. Collette is 19, and Andria is 20.

Chairman **Ford**. So you had a girl and a boy.

Ms. **King**. I had two daughters.

Chairman **Ford**. Two daughters. I'm sorry. Now, what are they doing?

Ms. **King**. One daughter is going to nursing school, and I have my other daughter that is proceeding to go into cosmetology.

Chairman **Ford**. So neither of your children have ever been recipients once they reached the age of 18, adults. Received AFDC?

Ms. **King**. Do they have children?

Chairman **Ford**. Have they received any welfare payments since they've been adults?

Ms. **King**. No.

Chairman **Ford**. Do they have children?

Ms. **King**. They have children; yes.

Chairman **Ford**. And their ages again are what?

Ms. **King**. Collette is 19, and Andria is 20.

Chairman **Ford**. How old were they when they first gave birth to the children?

Ms. **King**. Collette was 17, and Andria was 19.

Chairman **Ford**. And neither has received welfare for——

Ms. **King**. They're on welfare for their children, but they're not in the home with me.

Chairman **Ford**. They're on welfare for their children?

Ms. **King**. Yes.

Chairman **Ford**. And one is in nursing school and the other is also in training—a cosmetology program?

Ms. **King**. Yes; continuing her education. She became pregnant when she was in the 11th grade.

Chairman **Ford**. Right.

Ms. **King**. But, where she had to drop out of school, and she was pursuing to go back to school or get into UD.

Chairman **Ford**. Had either of your daughters moved out of the house before they became pregnant and started receiving welfare?

Ms. **King**. No, sir.

Chairman **Ford**. They had not?

Ms. **King**. No.

Chairman **Ford**. Now, they have one child apiece. Is that correct?

Ms. **King**. They have one child apiece.

Chairman **Ford**. Right.

Ms. **King**. Now, one thing I'd like to clarify. They were receiving AFDC before they moved out of the home.

Chairman **Ford**. Oh yes, I understand that. But after they gave birth to the child, the oldest daughter, she moved out of the house——

Ms. **King**. Yeah; she moved out of the home and she is still on AFDC, but she is still pursuing her career.

Chairman **Ford**. Had she graduated from high school when she got pregnant?

Ms. KING. Yes.

Chairman FORD. She had graduated from high school.

Ms. KING. She had graduated.

Chairman FORD. What about the second daughter? Had she graduated from high school?

Ms. KING. She has not graduated yet.

Chairman FORD. She has not graduated. How old is——

Ms. KING. She's going to continue her education.

Chairman FORD. Now, how old is her child?

Ms. KING. Both children are 1 year old.

Chairman FORD. OK, but I'm speaking of your younger daughter, the one who has not graduated yet from high school?

Ms. KING. How old is she?

Chairman FORD. Yes. What grade was she when she got pregnant.

Ms. KING. The 11th grade.

Chairman FORD. And the child is 1 year old now?

Ms. KING. One year old.

Chairman FORD. And she is in some type of training program? Cosmetologist?

Ms. KING. She called me about a week or so ago and stated that she would like to pursue her education.

Chairman FORD. I see.

Ms. KING. Of course, when you have babies having babies, so to speak, I've found that it has been kind of complicated with them receiving the AFDC and trying to pay a babysitter out of the AFDC monthly payment. I don't know if they—if the AFDC has extra funds to pay for a babysitter or not. If so, it's possible that they might not know about that particular phase of it. Practically all their money is gone before they even receive it. They already have it budgeted out for babysitting arrangements, transportation arrangements. Of course, they are receiving food stamps.

Chairman FORD. All right, thank you very much, Ms. King, for your testimony and your response. This will conclude the witness list of those who will be testifying before the subcommittee, but it will not conclude the business of today. I would like, at the time, maybe, to yield to the subcommittee's staff person to give us the schedule for this afternoon, with some of the site visits. Could you give us the schedule for the record, at this time, Ms. Colton?

Ms. COLTON. Beginning at 2 p.m., the subcommittee will travel to the Dixie Homes here in Memphis, and then to the Foote Homes to visit families and tour the facilities.

Chairman FORD. Right. And that's at 2 o'clock in the Dixie Home, and at what time in the——

Ms. COLTON. Immediately following.

Chairman FORD. Immediately following. So we will make two site visits this afternoon with the subcommittee before we conclude the business of the subcommittee here in Memphis today.

Once again, the chairman and the subcommittee would like to thank all of the witnesses who traveled here; those who participated; those who gave us testimony; those who also shared with us the input that we will need in order to respond to the welfare problems that are out there.

We thank you once again for coming, and that will conclude the morning session of the subcommittee. Thank you.

[Whereupon, at 12:05 p.m., the hearing was adjourned.]

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